Consolidated Minerals Limited
June 2011

Financial Results for the three and six Months to 30 June 2011

Table of Contents

Consolidated Minerals Limited ('Consmin' or the 'Company')
Second Quarter Report for period ending 30 June 2011

7 September 2011

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

Consolidated Minerals Limited, a leading manganese ore producer, announces its quarterly results for the period ended 30 June 2011.

Key highlights (comparing Q2 2011 to Q2 2010)

- Consmin demonstrated strong manganese and chromite production for the quarter, which increased by 16.3% and 122.2% respectively, compared to the same quarter of 2010.
- Due to resilient demand for our premium products during the quarter, our manganese and chromite sales volumes for the quarter increased by 83.0% and 156.3%, respectively, compared to the same quarter of 2010.
- Continued our excellent safety performance in Australia and Ghana from Q1 2011, with no Lost Time Incidents ('LTI') reported in either country in Q2 2011. At Woodie Woodie, Consmin mined greater volumes in April and May 2011 than in the same period in the prior year; however operational difficulties, such as a wall slip at the Demon pit and a flooded loaded shot at Homestead pit, reduced mining volumes in June 2011.
- Maintained focus and momentum on productivity improvement initiatives at Woodie Woodie, such as completion of the transfer from contractor to owner-operator drilling, which occurred during this quarter.
- Positive exploration in Ghana in the quarter, with one drill intersection at Hill A resulting in 30m of mineralisation at 30% manganese carbonate.
- A significant new Woodie Woodie discovery at the Extension Cord project, including an intercept of 36m at 48% manganese.
- Manganese ore revenues increased by 48.5% to $157.6 million, despite a decrease of 2.6% in the average United States dollar price achieved from $5.06/dmtu FOB in Q2 2010 to $4.93/dmtu FOB in Q2 2011.
- The Australian dollar strengthened 21.6% between Q2 2010 and Q2 2011 against the US dollar, which had a significantly negative impact on our Australian cost base. This, combined with the lower market price, led to lower gross profit, as well as a non-cash inventory write-down in the Australian operations.
- Consmin maintained a strong cash position and relatively conservative net debt position at quarter end.

Key Performance Indicators

	Quarter ended			Six months ended		
Unaudited	**30 June 2011**	**30 June 2010**	**% change**	**30 June 2011**	**30 June 2010**	**% change**
Manganese ore produced (dry kt)	787.6	677.5	16.3%	1,581.1	1,357.7	16.5%
Manganese ore sales (dry kt)	883.7	482.9	83.0%	1,683.1	1,121.9	50.0%
Average C1 manganese unit cash cost ($/dmtu)[1]	3.78	2.93	29.0%	3.65	2.96	23.3%
Average manganese FOB Sales price ($/dmtu)	4.93	5.06	(2.6%)	5.12	5.92	(13.5%)
Chromite ore produced (kt)	76.2	34.3	122.2%	131.6	67.9	93.8%
Chromite sales (kt)	50.5	19.7	156.3%	97.1	44.9	116.3%
Average C1 chromite unit cash cost ($/t)[1]	250	121	106.6%	263	117	124.8%
Average chromite FOB sales price ($/t)	239	254	(5.9%)	270	231	16.9%
Revenue ($ million)	176.9	163.3	8.3%	348.3	346.0	0.7%
Adjusted EBITDA ($ million)[2]	31.4	85.3	(63.2%)	90.5	163.0	(44.5%)

Unaudited	Quarter ended 30 June 2011	Year ended 31 December 2010	% change
Cash and cash equivalents ($ million)	203.7	97.7	108.5%
Gross debt ($ million)	454.9	66.7	582.0%
Net debt/(cash) ($ million)	251.2	(31.0)	(910.3%)

[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 less 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 results for Quarter 2 2011, which show increased production and sales levels across both our manganese and chromite operations. The strong increase in our manganese sales re-affirms the value of Consmin's products to the alloy and manganese metal producers. Our strong sales led to solid revenue for the quarter, exceeding our prior period result, which is a good achievement in the current challenging market in which the benchmark manganese price has remained soft. The appreciation of the Australian dollar against the US dollar has had a very negative impact on our price received in AUD and impact on our Australian cost base; however we are looking to offset the impact going forward with the cost reduction projects we have in progress. During this quarter, Consmin also successfully issued a US$405 million bond, which enables the Company to focus on the extensive exploration potential of our Australian and Ghanaian assets."

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

For further information, please visit our website www.consmin.com or contact:

Consmin +44(0)1534 513 300

Glenn Baldwin, CEO

Jackie Callaway, CFO

Conference Call

There will be a conference call for analysts and bondholders on 7 September 2011 at 12 noon London time.

To access the quarterly results conference call, you must first register in advance on:
http://emea.directeventreg.com/registration/event/95674863

The quarterly results conference call, conference ID 95674863, can then be accessed by dialling:
UK: +44 (0) 1452 580 655

Market, Economic and Industry

Market, economic and industry data used throughout this report has been derived from various industry and other independent sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and such industry forecasts may not have been updated. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward looking statements contained in this report.

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 which may or may not occur. Consmin is also exposed to the 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 30 June 2011	30 June 2010	% change	Six months ended 30 June 2011	30 June 2010	% change
Total mined (kBCM)	5,982.3	5,818.8	2.8%	12,261.6	10,743.6	14.1%
Manganese ore produced (dry kt)	787.6	677.5	16.3%	1,581.1	1,357.7	16.5%
Australia	*385.5*	*326.5*	*18.1%*	*706.1*	*606.0*	*16.5%*
Ghana	*402.1*	*351.0*	*14.6%*	*875.0*	*751.7*	*16.4%*
Manganese ore produced (mdmtu)	28.0	24.7	13.4%	55.6	49.2	13.0%
Australia	*16.7*	*15.2*	*9.9%*	*30.8*	*28.6*	*7.7%*
Ghana	*11.3*	*9.5*	*18.9%*	*24.8*	*20.6*	*20.4%*
Manganese ore sales (dry kt)	883.7	482.9	83.0%	1,683.1	1,121.9	50.0%
Australia	*446.1*	*186.8*	*138.8%*	*746.6*	*557.7*	*33.9%*
Ghana	*437.6*	*296.1*	*47.8%*	*936.5*	*564.2*	*66.0%*
Manganese ore sales (mdmtu)	32.0	17.4	83.9%	60.4	42.5	42.1%
Australia	*19.4*	*8.9*	*118.0%*	*33.6*	*26.4*	*27.3%*
Ghana	*12.6*	*8.5*	*48.2%*	*26.8*	*16.1*	*66.5%*
Total capex (US$ million)	18.3	11.3	61.9%	31.7	20.4	55.4%
Average unit cash cost (US$/dmtu)	3.78	2.93	29.0%	3.65	2.96	23.3%

Market Conditions

Global steel production for the first half has exceeded 760 million tonnes with China remaining the key market driving steel production and hence manganese ore demand. Chinese crude steel production for Q2 2011 was 179.2 million tonnes, representing a 9% year-on-year increase, and has remained at an annualised rate of approximately 700 million tonnes throughout the first half.

Manganese ore stock levels in Chinese ports peaked at approximately 4.0 million tonnes during the quarter before stabilising and now showing signs of decreasing. Current stock levels are above traditional given increased Chinese crude steel production and Chinese producers' reliance on a greater percentage of imported ore rather than higher cost lower grade domestic ore. Overall demand for manganese ore continues to be strong as evidenced by Chinese imports which were 6.5 million tonnes year to June with imports expected to reach 13 million tonnes in 2011, up 12% on 2010.

CRU recently reported "that the market for medium and high grade ores actually appears quite balanced. Order levels from smelters in China are strong, while overseas miners are running with minimal inventory".

Manganese ore is priced on a monthly basis with the price for 43.5% manganese grade declining over the quarter from $6.00/dmtu CIF China in April to $5.30/dmtu CIF China prices for May and June. The reference price specification was changed for June shipments to 45.5% manganese content, at a price of $5.50/dmtu CIF China. This price level has been maintained in the third quarter and recent reports have the reference price set at this level through to October. The average reference price for 43.5% grade manganese ore was $7.33/dmtu CIF China during 2010 and $8.00/dmtu CIF China during the second quarter of 2010. The manganese ore price is cyclical in nature and has been decreasing from mid-2010. The Company believes that the manganese ore price should improve during the coming months as demand from China remains strong and stockpiles have started to be drawn down in the third quarter.

Manganese - Australia

Demand for all grades of Australian ore remains high from ferro-alloy producers in China, India, Korea and Ukraine, with demand being especially strong for high grade low impurity (iron and phosphorous) ores. With the majority of completion of commissioning of new port loading facilities at Utah Point Port Hedland during the quarter, the company has increased shipment sizes and during the quarter completed a record single shipment size of 113.5 kt of manganese and chromite ores to China. The larger vessels reduce freight costs and are improving margins on an FOB basis.

Manganese – Ghana

Demand from Chinese EMM (Electrolytic Manganese Metal) producers through the quarter remained strong for Ghana carbonate ore. Ghana ore is particularly desirable for EMM production as the ore is directly soluble in the EMM process and does not require initial reduction that oxide ores require. Traditionally EMM producers in China have relied on low grade domestic carbonate ores, however with domestic ore grades continuing to diminish combined with higher mining costs, Chinese producers appear to be increasing imports to satisfy their demand.

Chromite – Australia
There was good demand for Coobina chromite ore in the quarter driven by record Chinese stainless steel production of 3.13 million tonnes in Q2 2011, up 2% on the first quarter of 2011 and 9% increase on the second quarter of 2010.

Cash Costs
The Company is focused on managing its cash costs and has continued several initiatives during the quarter aimed at reducing costs that are within the Company's control. During the quarter, cash costs for manganese ore 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 whilst the Company's reporting currency is US dollars.

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 is in high demand by ferro-alloy producers due to its high manganese content and very low phosphorous content which makes it well-suited for blending with the lower grade domestic ores of China and Ukraine.

Safety
Woodie Woodie recorded no LTIs for the quarter and the Lost Time Injury Frequency Rate ('LTIFR') as at 30 June 2011 was 1.7, compared with an industry average of 2.8.

Production
Production at the Woodie Woodie mine totalled 385.5 kt of manganese ore during the quarter, representing an increase of 18% compared to the same period last year. The majority of ore mined during the quarter was from Greensnake, Demon and Lox pits. Total BCMs mined decreased due to a reduced excavator fleet, combined with below planned excavator availability. Additionally, there were lower than expected dig rates in the Dhufish pit, due to tighter work areas during start-up of this pit, preventing normal productivity rates from being achieved.

The Demon slip continued to be mined during the quarter with completion of the cutback expected in quarter three. Ore continues to be mined in parallel with the waste removal associated with the cutback.

Drill and blast enhancements saw a marked improvement in the volume of blasted material late in the quarter. All of the 5 new drills have been commissioned and are operating efficiently and with improved quality control. We have successfully trialled 50% deeper blast holes in waste zones in the Greensnake pit and will continue to seek further productivity improvements where practical in other large pits.

The crusher performance improved again due to completion of de-bottlenecking projects in the first quarter. Record tonnes of 882.6 kt were crushed in the quarter.

Capex
A total of $6.6 million was spent on capex at Woodie Woodie during the quarter, focusing on the payment for 4 of the 5 new drill rigs, on-going installation of the new digital radio system, a replacement plant loader, installation of the Lube Farm at the new workshop facility and the conceptual study for Ripon Hills.

Waterwall project
The waterwall project focused on operational improvements in dewatering and hydro-geological drilling in various pits to review and recalibrate the ground-water models. The project has resulted in significant reductions in dewatering costs during the winter months due to rationalisation of pumping equipment.

Exploration and Resource Development

Drilling within the mining tenements in the quarter concentrated on the Hunter and Extension Cord prospects. Extensional and infill drilling at Hunter has increased the resource base of this new pit and increased resource confidence in preparation for detailed pit design, scheduling and mining approval. Significant high grade intercepts at Hunter included 11m at 35% Mn from 30m (HURD125), 9m at 44% Mn from 57m (HURD31) and 18m at 30% Mn from 40m (HURD143).

A significant new discovery has been made at the Extension Cord project. Multiple shallow high grade Mn intercepts have been encountered in successive drill holes. Drilling continues to grow the footprint of this discovery to the East and West along strike and down dip. Intercepts at Extension Cord include 36m at 48% Mn from 31m (CHRD088), 29m at 52% Mn from 71m (CHRD091), 23m at 48% Mn from 63m (CHRD100) and 29m at 43% Mn 45m (CHRD101).

Regional exploration drilling was conducted at several prospects to the South of the Woodie mine site. Significant Mn mineralisation was encountered at the Zilate (6m at 19% Mn from 15m – ZLRC016) and Dragon prospects (5m at 17% Mn from 5m – DGNRC011).

Projects

The company finalised a high level concept study report at the end of the second quarter assessing the infrastructure requirements at Ripon Hills (which is located within the Woodie Woodie region). The recommendation from this concept report was to continue detailed studies on infrastructure requirements which would complement other projects in the region. Alongside this development work for Ripon Hills, a concept study is to be conducted for the Mt Cooke area located in the south west of the Woodie Woodie region in the development pipeline for growth of future manganese production.

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 an excellent 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 enables 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 402 kt of manganese ore during the quarter, representing an increase of 14.6% compared to the same period last year. The total production during the quarter was from C Pit and total BCMs mined increased by 38% compared to the same quarter in the previous year, continuing the build-up to higher levels of sustainable production. Sales volumes increased by 48% to 438 kt of manganese ore during the second quarter, with the strong shipment volumes driven by the production levels at pit C. 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

GMC is further studying the upgrade of its logistical and loading facilities at Takoradi Port. Discussions on a railway Public Private Partnership (PPP) with the Government of Ghana are on-going. The execution of the capital expenditure budget for major equipment is as planned and $2.4 million was spent during Q2 2011.

Exploration

All ore production at GMC is currently produced from a newly combined C Pit, which comprises the former C North and South, D North and South and E Pits. Extension drilling to C Pit during the quarter was successful and typical drilling results achieved included 95m at 26% Mn (C7069), 46m at 31% Mn (C7070) and 32m at 27% Mn (C7071) from C North. Drilling also commenced at the pit A project with the aim of delineating the known and extrapolated Resource. This should facilitate both resource growth and operational flexibility providing an additional pit.

First phase exploration diamond drilling was completed at the Domeabra and Asikuma North prospects. Drilling successfully identified the targeted conductive horizon (graphitic shale) and Mn in soil anomalies spatially associated Mn Carbonate mineralisation. This is consistent with the postulated geological model. This first phase drilling data has been interpreted and a further phase of exploratory drilling has been planned.

Projects
The Company purchased new mine planning software and is further developing on-site planning skills. Various community assistance based infrastructure projects were initiated.

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
In Q2 2011, Coobina achieved a milestone of no recorded LTI for over 4 years - continuing this, there have been no recorded LTI during this period. 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 three pits Blatchfords, Newlands and Falcon with Newlands and Falcon being mined in this quarter. The Blatchfords pit was mined out in the first quarter. Approximately 47mm of rain fell in this period causing the suspension of 6 days haulage to Port Hedland and impacted on productivities due to slower mining rates in the wet conditions. Production totalled 76.2 kt of chromite ore during the quarter, representing an increase of 122% compared to the same period last year, when low grade stockpiles were treated and there was no mining activity.

Capex
Total capex expenditure for this period was $0.3 million, with 66% being allocated to the 55km gravel access road project which will allow for 24 hour haulage of product from the mine to Port Hedland once completed in the third quarter.

Exploration
Exploration in the quarter was focused on the Finucane, SkyWest and Old Magazine project areas. Significant intercepts at Finucane included 16.5m at 37% Cr_2O_3 (CBRC1034), 23m at 18% Cr_2O_3 (CBRC1000) and 17m at 31% Cr_2O_3 (CBRC1037). All drilling has now been completed at Finucane for its inaugural resource model and modelling has commenced. A combination of the Wrights and Finucane models will provide an inaugural Resource and Reserve statement for the operation to support part of the 2012 operational plan. Drilling was also undertaken at the SkyWest and Old Magazine project areas. Significant mineralisation has been encountered at SkyWest including 13m at 19% Cr_2O_3 (CRBC1042). Completion of this drilling in the upcoming quarter will facilitate the creation of a combined Northern Resource model. This will enable the first combined, optimisation, design and scheduling of this portion of the ore deposit. 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.

Projects
We are currently trialling different screen panel sizes in the primary crushing circuit to maximise the feed split ratio to the different plants. This project will be on-going into Q3. In addition, we installed a new dust suppression system in the crushing circuit, which has proven to be successful and will be expanded into the other plants. A solar-powered pumping system was commissioned which is expected to reduce fuel usage on pumping to provide water to the mine and accommodation camp.

Other Segments

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). No significant activity occurred during the quarter. Resource development drilling is planned for the second half of this year.

BC Iron Limited (‘BC Iron’)
BC Iron is an iron ore mining company listed on the ASX (ticker: BCI). Consmin increased their shareholding to 25.0% as at 30 June 2011. The value of the company’s holding in BC Iron at 30 June 2011 was US$76.4 million. As at 31 August 2011, the value of the holding was US$61.5 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 has remained at 11.4% during the quarter. The value of the company’s holding in OM Holdings was US$55.8 million as at 30 June 2011. As at 31 August 2011, the value of the holding was US$46.4 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.

On 10 July 2011, the Australian Federal Government released details of its carbon reduction initiative, including its proposed mechanism to place a price on the emission of carbon by industry participants in Australia. Whilst the legislation is yet to be drafted and passed through Parliament, the Company has completed a preliminary analysis of the likely impact on our Australian operations. From 1 July 2012, the diesel fuel rebate available to the Woodie Woodie and Coobina mining operations of the Company would be reduced under the carbon reduction initiative. The Company estimates that this could adversely impact gross costs for the Company by approximately $0.02 to $0.04 per dmtu produced. From 1 July 2014, the diesel fuel rebate available to the Company for its road ore haulage operations will also be reduced as part of this initiative, further adversely impacting the gross costs for the Company by approximately $0.02 per dmtu produced.

In order to offset the likely adverse impact on its cost base, the Company is proactively working on initiatives to reduce its carbon footprint. Included among these initiatives is the biofuels trial project currently underway at our Woodie Woodie operations and increasing the volume of ore hauled to port per trip so as to reduce the volume of carbon emitted per tonne hauled by road.

People

The Managing Director of the Australian operations, who is also a member of the Group Executive Committee, resigned in August 2011.

Financial Information and Review

Management Discussion and Analysis

Unaudited Condensed Consolidated Income Statement

$'000	Group Consolidated 3 Months Ended 30 June 11	Group Consolidated 3 Months Ended 30 June 10	Group Consolidated 6 Months Ended 30 June 11	Group Consolidated 6 Months Ended 30 June 10
Revenue	176,945	163,347	348,335	346,021
Cost of sales	(182,316)	(90,115)	(312,337)	(200,289)
Gross profit	(5,371)	73,232	35,998	145,732
Selling and distribution expenses	(28,896)	(10,608)	(49,666)	(27,530)
General and administrative expenses	(10,977)	(9,034)	(21,954)	(18,510)
Other operating income – net	2,478	1,394	3,479	3,729
Net foreign exchange gain / (loss)	(399)	(416)	508	64,930
Operating profit / (loss)	(43,165)	54,568	(31,635)	168,351
Analysed as:				
Depreciation and amortisation	(41,874)	(30,453)	(73,486)	(61,232)
Impairment write-back	-	134	-	1,674
Net foreign exchange gain / (loss)	(399)	(416)	508	64,930
Non-cash inventory writedown	(32,332)	-	(49,204)	-
Adjusted EBITDA	**31,440**	**85,303**	**90,547**	**162,979**
Share of profit / (loss) of associates	490	(224)	128	(303)
Gain/(loss) on disposal of available-for-sale financial investments	10	60	10	(9,661)
Profit / (loss) before tax and finance items	(42,665)	54,404	(31,497)	158,387
Net finance expense	(5,960)	(643)	(7,157)	(1,669)
Profit before tax	(48,625)	53,761	(38,654)	156,718
Income tax credit/(expense)	27,869	(7,329)	39,932	(13,735)
(Loss) / Profit for the period	(20,756)	46,432	1,278	142,983

Unaudited Condensed Segment Information

3 Months Ended:

30 June 2011 – $'000	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
Revenue from external customers	157,589	12,069	7,287	-	176,945
Cost of goods sold	(158,052)	(16,468)	(7,217)	(579)	(182,316)
Gross profit	(463)	(4,399)	70	(579)	(5,371)

30 June 2010 – $'000	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
Revenue from external customers	106,110	5,012	48,530	3,695	163,347
Cost of goods sold	(41,868)	(730)	(46,705)	(812)	(90,115)
Gross profit	64,242	4,282	1,825	2,883	73,232

6 Months Ended:

30 June 2011 – $'000	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
Revenue from external customers	309,189	26,209	12,937	-	348,335
Cost of goods sold	(266,062)	(32,790)	(12,589)	(896)	(312,337)
Gross profit	43,127	(6,581)	348	(896)	35,998

30 June 2010 – $'000	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
Revenue from external customers	251,913	10,360	71,399	12,349	346,021
Cost of goods sold	(118,489)	(3,366)	(68,694)	(9,740)	(200,289)
Gross profit	133,424	6,994	2,705	2,609	145,732

Revenue

The Company's revenue during Q2 2011 predominantly reflected sales of manganese ore produced by our Australian and Ghanaian operations and chromite ore produced by our Australian operations. A small amount of ferroalloy trading was also undertaken during the quarter.

The consolidated revenue for the Group increased by 8.3% from $163.3 million in Q2 2010 to $176.9 million in Q2 2011. This increase primarily related to higher sales of manganese and chrome ore, offset by a reduction in the revenues from ferroalloy trading which were down $41.1 million compared to Q2 2010.

Note 7 to the financial information shows the geographic split of the Group's revenue. Sales to related parties increased slightly from 32% in Q2 2010 to 35% in Q2 2011. However, on a year to June 30 basis, related party sales have decreased from 43% in H1 2010 to 33% in H1 2011. Sales to China have increased in Q2 2011 to 54% from 31% in Q2 2010.

Revenue from sales of manganese ore has increased from $106.1 million in Q2 2010 to $157.6 million in Q2 2011, an increase of 48.5%. The Group sold 883.7 dry kt of manganese ore in Q2 2011, compared to 482.9 dry kt in Q2 2010, an increase of 83.0%. The average price of our manganese ore sold in Q2 2011 was $4.93/dmtu FOB, compared to $5.06/dmtu FOB in Q2 2010, a decrease of 2.6%.

Revenue from sales of chromite ore increased from $5.0 million in Q2 2010 to $12.1 million in Q2 2011, an increase of 141%. 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 79% of the chromite ore sold in Q2 2011.

Revenue from the ferroalloys trading operation decreased from $48.5 million in Q2 2010 to $7.3 million in Q2 2011, a decrease of 84.9%. 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 Group is currently evaluating the viability of its ferroalloy trading business.

The nickel operations remained on care and maintenance during Q2 2011 and no revenue was recognised from the nickel operations during this period.

Cost of Sales

The cost of sales of the Group increased from $90.1 million in Q2 2010 to $182.3 million in Q2 2011. The increase in cost of sales from Q2 2010 to Q2 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 Q2 2011 was $1.0644/A$ compared to an average exchange rate of $0.8754/A$ in Q2 2010. This represented a 21.6% increase, which significantly impacted our cost of sales for the Australian operations, as they are primarily denominated in Australian dollars.

- Mining expenses have increased for both the manganese and chromite operations. Chromite mining expenses have increased $12.8 million as a result of the increase in production arising from the restarting of chromite mining in August 2010. Manganese mining expenses have increased $8.1 million reflecting the increased level of ore and waste moved in Q2 2011 compared to Q2 2010, increased drill and blast cost (as a result of a reduction in the amount of free dig material and the hardening of rock associated with deeper pits) and increased mining services costs (as a result of increased technical services and supervision on site to reflect step change in mining rates post April 2010).

- Due to the high level of sales during Q2 2011 compared to Q2 2010, stock piles have been drawn down and there was a charge of $26.7 million to the cost of sales for the movement in inventories, compared to a credit in Q2 2010 of $37.4 million. Sales from Australia in Q2 2010 were adversely impacted by a three week maintenance shut-down of the shiploading facilities in April 2010, contributing to the movements in product stockpiles.

- In Q2 2011 there was a non-cash inventory write-down of $32.3 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.

Cost of sales for the manganese segment increased from $41.9 million in Q2 2010 to $158.1 million in Q2 2011. The majority of this increase was a result of inventory adjustments including a drawdown of stockpiles ($68 million) and non-cash inventory write downs ($28 million).

The average unit cost of manganese production on a "fully expensed" mining cost basis, increased from $2.93/dmtu in Q2 2010 to $3.78/dmtu in Q2 2011. However, of the $0.85/dmtu increase, $0.56/dtmu related to foreign exchange movements (the significant strengthening of the Australian dollar against the US dollar), $0.25/dmtu related to higher haulage and ship loading costs as a result of the increased tonnages sold during the period and the impact of the increase in the cost of fuel and approximately $0.04/dmtu or 4.7% related to underlying cost increases on the mines.

Due to differences in the operations between Q2 2010 and Q2 2011, a more accurate comparison of cash costs is a comparison of H1 2011 against the cash costs for the full financial year 2010. The manganese cash cost for 2010 was $3.22/dmtu, $0.43/dmtu lower than the H1 2011 cash cost of US$3.65/dmtu. Of this amount, $0.34/dmtu related to foreign exchange movements due to the strengthening of the Australian dollar against the US dollar – while $0.15/dmtu related to higher haulage and shiploading costs as a result of the increase tonnages sold during the period. Offsetting this was a $0.06/dmtu decrease in mining, processing and related costs – savings gained though the Group's productivity improvements.

Cost of sales for the chromite operations increased from $0.7 million in Q2 2010 to $16.5 million in Q2 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 $46.7 million in Q2 2010 to $7.2 million in Q2 2011.

Gross Profit

Gross profit for the Group has decreased from a gross profit of $73.2 million in Q2 2010 to a gross loss of $5.4 million in Q2 2011.

Gross profit for the manganese segment decreased from a gross profit of $64.2 million in Q2 2010 to a gross loss of $0.5 million in Q2 2011. Inventory adjustments including the drawdown of stock piles ($68 million) and non-cash inventory write downs ($28 million) had a significant impact on the gross profit – as did the decrease in the manganese price, which decreased 2.6%. The strengthening of the Australian dollar against the US dollar also had a significant adverse impact on the Australian cost base. These decreases were partially offset by the significant 83.0% increase in manganese sales volumes.

Gross profit for the chromite segment decreased from $4.3 million to a gross loss of $4.4 million. This decrease was predominantly due to increases in cost of sales as a result of the restarting of the chromite mining operations. Gross profit was also impacted by the decrease in the sales price from $254/tonne in Q2 2010 to $239/tonne in Q2 2011. In Q2 2010, cost of sales consisted primarily of the costs for processing fines and product transportation costs. In Q2 2011, cost of sales reflected ore and waste mining, and associated support costs, as part of the progression to planned production rates which are expected to be achieved during quarter three. $2.8 million was expensed in the preparation of the new pits for mining in the second half of 2011.

Other Key Items

- Selling and distribution expenses increased from $10.6 million in Q2 2010 to $28.9 million in Q2 2011. The increase in these expenses was mainly due to the additional volumes of ore that were sold during Q2 2011 compared to Q2 2010, resulting in a 83% increase in tonnes hauled to port. The additional sales resulted in an increase in volumes of manganese and chromite transported from the mining tenements to the port for shipment to customers. The cost of fuel, which increased by 18% in Australia between Q2 2010 and Q2 2011, also significantly impacted selling and distribution expenses, especially when combined with the increase in tonnes hauled. The strengthening of the Australian dollar against the US dollar put additional upward pressure on the cost base.

- General and administrative expenses for the group increased from $9.0 million in Q2 2010 to $11.0 million in Q2 2011. The increase in general and administrative expenses was primarily due to the establishment of the head office and trading division in Jersey.

- 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 Q2 2011 of $27.9 million, compared to an income tax expense of $7.3 million in Q2 2010. The majority of the income tax credit in Q2 2011, 66.9%, relates to deferred income tax credits in the Australian operation; 77.5% 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 loss for Q2 2011 of $20.8 million compared to a profit of $46.4 million in Q2 2010.

Unaudited Condensed Consolidated Balance Sheet

	Group Consolidated	
	As at	
$'000	**30 June 11**	**31 Dec 10**
Cash and cash equivalents	203,713	97,745
Other current assets	176,405	226,727
Non-current assets	1,151,869	1,147,839
Total assets	1,531,987	1,472,311
Current borrowings	59,837	64,635
Non-current borrowings	395,070	2,056
Other Current liabilities	93,791	91,776
Other Non-current liabilities	68,528	106,594
Total Liabilities	617,226	265,061
Total equity	914,761	1,207,250

Cash and Cash Equivalents

Cash and cash equivalents increased from $97.7 million on 31 December 2010 to $203.7 million on 30 June 2011, an increase of 108.4%.

Borrowings

Group current borrowings have decreased from $64.6 million on 31 December 2010 to $59.8 million on 30 June 2011, a decrease of 7.4%. Non-current borrowings have increased to $395.1 million, primarily due to the issuing of the $405 million bond in April 2011.

Guarantor Group

During the six months ended 30 June 2011, the Guarantors represented 82.3% (30 June 2010: 89.3%) of our consolidated revenues and 73.0% (30 June 2010: 91.7%) of our consolidated EBITDA. As of 30 June 2011, the Guarantors represented 90.7% of our consolidated total assets (30 June 2010: 93.9%). As of 30 June 2011, the non-guarantor subsidiaries have $18.8 million (30 June 2010: $6.2 million) of indebtedness outstanding. The unrestricted subsidiaries are not significant subsidiaries and therefore not material to the Group. As a result, separate financial details have not been disclosed.

Unaudited Condensed Consolidated Cash Flow Statement

	Group Consolidated 3 Months Ended		Group Consolidated 6 Months Ended	
$'000	**30 June 11**	**30 June 10**	**30 June 11**	**30 June 10**
Cash flows from operating activities	23,569	37,781	64,130	83,118
Cash flows from investing activities	(29,344)	(12,873)	(43,275)	19,584
Cash flows from financing activities	94,041	(15,864)	95,719	(29,501)
Increase in cash and cash equivalents	88,266	9,044	116,574	73,201
Cash and cash equivalents at the start of the period	89,736	69,473	62,071	5,069
Exchange (losses)/gains on cash and cash equivalents	669	5	26	252
Cash and cash equivalents at the end of the period	**178,671**	**78,522**	**178,671**	**78,522**

Cash Flows

Net cash generated from operating activities amounted to $23.6 million in Q2 2011 compared to $37.8 million in Q2 2010, a decrease of 37.6%.

Net cash used in investing activities was a net cash outflow of $29.3 million in Q2 2011 compared to a net cash outflow of $12.9 million in Q2 2010. The main reason for the increase in the out flow was the increase in investments in associates (BC Iron), in Q2 2011, of $12.3 million and an increase in capital expenditures by 62% to $18.3 million.

Net cash used in financing activities was an inflow of $94.0 million in Q2 2011 compared to an outflow of $15.9 million in Q2 2010. This significant inflow of cash from financing activities relates to the receipt of the cash from the issue of the bond, net of fees and distributions to the shareholder. In addition a dividend of $50 million was paid to the shareholder on 8 April 2011, in relation to the financial year ended 31 December 2010.

There was a net increase in cash and cash equivalents in Q2 2011 of $88.3 million, compared to $9.0 million in Q2 2010.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information
For the Second Quarter and Six Months Ended 30 June 2011

Unaudited condensed consolidated comprehensive income statement for the six months ended 30 June 2011

$'000	Note	Three months ended 30 June 2011	Three months ended 30 June 2010	Six months ended 30 June 2011	Six months ended 30 June 2010
Revenue	7	176,945	163,347	348,335	346,021
Cost of sales	8	(182,316)	(90,115)	(312,337)	(200,289)
Gross profit		(5,371)	73,232	35,998	145,732
Selling and distribution expenses		(28,896)	(10,608)	(49,666)	(27,530)
General and administrative expenses		(10,977)	(9,034)	(21,954)	(18,510)
Other operating income / (expenses) – net		2,478	1,260	3,479	2,055
Net foreign exchange gain / (loss)		(399)	(416)	508	64,930
Impairment write-back		-	134	-	1,674
Operating profit / (loss)		(43,165)	54,568	(31,635)	168,351
Analysed as:					
Depreciation and amortisation		(41,874)	(30,453)	(73,486)	(61,232)
Impairment write-back / (expense)		-	134	-	1,674
Net foreign exchange gain/ (loss)		(399)	(416)	508	64,930
Non cash inventory writedown		(32,332)	-	(49,204)	-
Adjusted EBITDA		**31,440**	**85,303**	**90,547**	**162,979**
Share of loss of associates		490	(224)	128	(303)
Gain / (loss) on disposal of available-for-sale financial investments		10	60	10	(9,661)
(Loss) / profit before tax and finance items		(42,665)	54,404	(31,497)	158,387
Finance income		2,021	185	2,296	244
Finance costs		(7,981)	(828)	(9,453)	(1,913)
(Loss) / profit before tax		(48,625)	53,761	(38,654)	156,718
Income tax credit / (expense)		27,869	(7,329)	39,932	(13,735)
(Loss) / profit for the period		(20,756)	46,432	1,278	142,983
Other comprehensive income					
Available-for-sale financial investments		(31,411)	(31,021)	(30,099)	(25,137)
Net foreign currency translation differences		27,088	(44,376)	39,478	(33,115)
Income tax relating to components of other comprehensive income		-	556	(320)	743
Other comprehensive income for the year, net of tax		(4,323)	(74,841)	9,059	(57,509)
Total comprehensive income for the period		(25,079)	(28,409)	10,337	85,474
(Loss) / profit attributable to:					
Equity holders of the parent company		(21,212)	46,229	48	142,377
Non-controlling interest		456	203	1,230	606
Total comprehensive income attributable to:					
Equity holders of the parent company		(25,535)	(28,612)	9,107	84,868
Non-controlling interest		456	203	1,230	606

The notes on pages 20 to 26 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated balance sheet as at 30 June 2011

$'000	Note	As at 30 June 2011	As at 31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment		887,325	879,105
Intangible assets		83,919	76,582
Goodwill		77,795	75,791
Investments in associates		41,095	27,172
Available-for-sale financial investments		59,001	86,129
Trade and other receivables		2,734	3,060
Total non-current assets		1,151,869	1,147,839
Current assets			
Inventories		121,232	172,862
Trade and other receivables		55,173	53,865
Cash and cash equivalents	9	203,713	97,745
Total current assets		380,118	324,472
Total assets		1,531,987	1,472,311
EQUITY AND LIABILITIES			
Equity			
Share capital		204,721	204,721
Subordinated shareholder loans treated as equity		966,171	1,218,997
Reserves		91,084	82,025
Retained earnings		(361,964)	(312,012)
Equity attributable to equity holders of the parent Company		900,012	1,193,731
Non-controlling interest		14,749	13,519
Total equity		914,761	1,207,250
Non-current liabilities			
Borrowings	10	395,070	2,056
Trade and other payables		5,816	5,427
Provisions		42,763	36,844
Deferred tax liabilities		19,949	64,323
Total non-current liabilities		463,598	108,650
Current liabilities			
Borrowings	10	59,837	64,635
Trade and other payables		87,495	83,315
Provisions		6,296	8,461
Total current liabilities		153,628	156,411
Total liabilities		617,226	265,061
Total equity and liabilities		1,531,987	1,472,311

The notes on pages 20 to 26 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of changes in equity for the six months ended 30 June 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 six month period	-	-	9,059	48	9,107	1,230	10,337
Repayment of shareholder loan treated as equity	-	(252,826)	-	-	(252,826)	-	(252,826)
Dividend paid				(50,000)	(50,000)	-	(50,000)
Balance at 30 June 2011	204,721	966,171	91,084	(361,964)	900,012	14,749	914,761

$'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 six month period	-	-	(57,509)	142,377	84,868	606	85,474
Proceeds from the issue of shares	-	-	-	-	-	135	135
Dividends paid	-	-	-	-	-	(635)	(635)
Balance at 30 June 2010	204,721	-	(55,133)	(297,610)	(148,022)	12,931	(135,091)

*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 20 to 26 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated cash flow statement for the six months ended 30 June 2011

$'000	Note	Three months ended 30 June 2011	Three months ended 30 June 2010	Six months ended 30 June 2011	Six months ended 30 June 2010
Cash flow from operating activities					
Receipts from customers		177,697	222,693	357,749	382,027
Payments to suppliers and employees		(161,360)	(194,648)	(311,927)	(309,987)
Cash generated from operations		16,337	28,045	45,822	72,040
Interest received		1,878	185	2,064	244
Interest paid		(848)	(673)	(1,705)	(2,705)
Value added taxes received		15,338	12,030	28,500	17,152
Income taxes paid		(9,136)	(1,806)	(10,551)	(3,613)
Net cash generated from operating activities		23,569	37,781	64,130	83,118
Cash flow from investing activities					
Payments for development expenditure		(5,138)	(2,732)	(11,080)	(3,485)
Purchase of property, plant and equipment		(9,526)	(5,575)	(15,287)	(11,342)
Proceeds from sale of property, plant and equipment		120	191	197	248
Payments for mineral exploration and evaluation expenditure		(3,676)	(2,996)	(5,317)	(5,618)
Proceeds from dividends received		1,187	2	1,187	2
Purchase of available-for-sale financial investments		(19)	-	(680)	-
Proceeds from sale of available-for-sale financial investments		690	(402)	690	41,145
Payments for investments in associates		(12,328)	-	(12,328)	-
Payments for other financial assets		(654)	(1,361)	(657)	(1,366)
Net cash used for / (generated from) investing activities		(29,344)	(12,873)	(43,275)	19,584
Cash flow from financing activities					
Proceeds from related party borrowings		-	220	-	46,483
Repayments of shareholder loan treated as equity		(250,000)	(26,669)	(252,826)	(26,669)
Dividends paid to equity holders of the parent company		(50,000)	-	(50,000)	-
Net proceeds from issue of senior secured notes		389,884	-	389,884	-
Repayment of bank borrowings		3,459	(2,202)	1,411	(44,501)
Proceeds from stockpile funding		1,006	36,963	35,863	82,821
Repayment of stockpile funding		(308)	(24,176)	(28,613)	(87,635)
Net cash generated from / (used for) financing activities		94,041	(15,864)	95,719	(29,501)
Net increase in cash and cash equivalents		88,266	9,044	116,574	73,201
Cash and cash equivalents at the beginning of the period		89,736	69,473	62,071	5,069
Exchange gains/(losses) on cash and cash equivalents		669	5	26	252
Cash and cash equivalents at the end of the period	9	178,671	78,522	178,671	78,522

The notes on pages 20 to 26 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 ('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 second quarter and six months ended 30 June 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 have been filed with the Jersey registrar of companies and the auditors have issued an unqualified audit opinion on these accounts.

3. Accounting policies

The accounting policies are consistent with those of the annual financial information for the year ended 31 December 2010, except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. Our revenue is closely related to demand and the prices obtained for manganese ore, and to a lesser extent, chromite ore produced by our Australian operations. Cyclical and other changes in world market prices of these products affect the results of our operations. The changes in these prices result from factors, such as market supply and demand, which are beyond our control.

(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 or 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:

	Average 3 months to 30 June 2011	Average 6 months to 30 June 2011	30 June 2011	Average 3 months to 30 June 2010	Average 6 months to 30 June 2010	31 December 2010
Australian dollar	1.0644	1.0342	1.0597	0.8754	0.8942	1.0163
British Pound	1.6385	1.6191	1.6020	1.4919	1.5067	1.5468

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.

Net realisable value ('NRV') adjustments on ore stockpiles
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 second quarter of 2011, the Group recognised a NRV write down of $32.3 million (Q2 2010: nil) relating to inventories held in Australia. In the six month period to 30 June 2011, the Group recognized a NRV write down of $49.2 million (six months to 30 June 2010: nil) 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 second quarter and six months ended 30 June 2011 and 2010 is as follows:

Quarter ending 30 June 2011	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
$'000					
Revenue from external customers	157,589	12,069	7,287	-	176,945
Cost of goods sold	(158,052)	(16,468)	(7,217)	(579)	(182,316)
Gross profit	(463)	(4,399)	70	(579)	(5,371)
Adjusted EBITDA	38,134	(292)	70	(6,472)	31,440
Depreciation and amortisation	(38,196)	(3,569)	-	(109)	(41,874)
Non-cash inventory write-down	(28,018)	(4,314)	-	-	(32,332)
Finance Income	87	-	-	1,934	2,021
Finance expense	(728)	(57)	-	(7,196)	(7,981)
Net foreign exchange gain/ (loss)	(231)	-	-	(168)	(399)
Gain/(Loss) on disposal of available for sale financial investments	-	-	-	10	10
Share of profit / (loss) of associates	-	-	-	490	490
Profit before tax	(28,952)	(8,232)	70	(11,511)	(48,625)
Income tax (expense) / credit	18,134	2,606	-	7,129	27,869

Quarter ending 30 June 2010	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
$'000					
Revenue from external customers	106,110	5,012	48,530	3,695	163,347
Cost of goods sold	(41,868)	(730)	(46,705)	(812)	(90,115)
Gross profit	64,242	4,282	1,825	2,883	73,232
Adjusted EBITDA	81,809	3,786	1,825	(2,117)	85,303
Depreciation and amortisation	(29,017)	(1,221)	-	(215)	(30,453)
Finance Income	-	-	-	185	185
Finance expense	(572)	(18)	-	(238)	(828)
Impairment write-back/ (expense)	-	-	-	134	134
Net foreign exchange gain / (loss)	(1,060)	-	-	644	(416)
Gain / (loss) on disposal of available-for-sale financial investments	-	-	-	60	60
Share of profit / (loss) of associates	-	-	-	(224)	(224)
Profit before tax	51,160	2,547	1,825	(1,771)	53,761
Income tax (expense) / credit	(9,609)	(764)	-	3,044	(7,329)

Six Months ending 30 June 11 **$'000**	Manganese	Chrome	Ferroalloys	Other	Total
Revenue from external customers	309,189	26,209	12,937	-	348,335
Cost of goods sold	(266,062)	(32,790)	(12,589)	(896)	(312,337)
Gross profit	43,127	(6,581)	348	(896)	35,998
Adjusted EBITDA	101,719	2,588	348	(14,108)	90,547
Depreciation and amortisation	(67,180)	(6,105)	-	(201)	(73,486)
Non-cash inventory write-down	(40,423)	(8,781)	-	-	(49,204)
Finance Income	175	-	-	2,121	2,296
Finance expense	(1,330)	(119)	-	(8,004)	(9,453)
Net foreign exchange gain/ (loss)	432	-	-	76	508
Gain/(Loss) on disposal of available for sale financial investments	-	-	-	10	10
Share of profit / (loss) of associates	-	-	-	128	128
Profit before tax	(6,607)	(12,417)	348	(19,978)	(38,654)
Income tax (expense) / credit	22,546	4,314	-	13,072	39,932
Total assets 30 June 2011	1,114,720	62,237	10,471	344,559	1,531,987
Total assets includes:					
Investments in associates	-	-	-	41,095	41,095
Goodwill	77,795	-	-	-	77,795
Non-current assets (other than financial instruments and deferred tax assets)	915,084	38,256	-	17,904	971,244
Additions to non-current assets (other than financial instruments and deferred tax assets)	65,297	3,216	-	775	69,288
Total liabilities	(192,509)	(17,676)	(15)	(407,026)	(617,226)

Six months ending 30 June 10 **$'000**	Manganese	Chrome	Ferroalloys	Other	Total
Revenue from external customers	251,913	10,360	71,399	12,349	346,021
Cost of goods sold	(118,489)	(3,366)	(68,694)	(9,740)	(200,289)
Gross profit	133,424	6,994	2,705	2,609	145,732
Adjusted EBITDA	164,337	6,314	2705	(10,377)	162,979
Depreciation and amortisation	(58,056)	(2,808)	-	(368)	(61,232)
Finance Income	-	-	-	244	244
Finance expense	(1,286)	(70)	-	(557)	(1,913)
Impairment write-back/ (expense)	-	-	-	1,674	1,674
Net foreign exchange gain / (loss)	(950)	-	-	65,880	64,930
Gain / (loss) on disposal of available-for-sale financial investments	-	-	-	(9,661)	(9,661)
Share of profit / (loss) of associates	-	-	-	(303)	(303)
Profit before tax	104,045	3,436	2,705	46,532	156,718
Income tax (expense) / credit	(21,323)	(1,031)	-	8,619	(13,735)
Total assets 31 December 2010	1,128,346	57,446	-	286,519	1,472,331
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:

	3 Months Ended 30 June		**6 Months Ended 30 June**	
$'000	**2011**	**2010**	**2011**	**2010**
Adjusted EBITDA	31,440	85,303	90,547	162,979
Depreciation and amortisation	(41,874)	(30,453)	(73,486)	(61,232)
Non-cash inventory write-down	(32,332)	-	(49,204)	-
Impairment write-back	-	134	-	1,674
Net foreign exchange gain	(399)	(416)	508	64,930
Share of loss of associates	490	(224)	128	(303)
Gain / (loss) on disposal of available-for-sale financial investments	10	60	10	(9,661)
Profit before tax and finance items	(42,665)	54,404	(31,497)	158,387

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:

	3 Months Ended 30 June		**6 Months Ended 30 June**	
$'000	**2011**	**2010**	**2011**	**2010**
China	96,088	51,204	203,852	100,553
Ukraine*	49,413	45,251	101,151	131,381
South Korea	-	32,988	-	58,799
Georgia*	11,664	1,522	12,903	10,051
United States of America*	-	4,828	-	4,828
Romania*	-	925	-	925
Other	19,780	26,629	30,429	39,484
Total revenue by geographic destination	176,945	163,347	348,335	346,021

***Sales to related parties**

8. Cost of sales

	3 Months Ended 30 June		**6 Months Ended 30 June**	
$'000	**2011**	**2010**	**2011**	**2010**
Mining and production expenses – deferred stripping	(23,148)	(13,969)	(24,868)	(15,007)
Mining and production expenses – other	87,325	57,179	169,733	108,267
Purchases of ores and ferroalloys for sale	7,217	46,705	12,589	76,813
Depreciation and amortisation	41,678	30,299	73,137	60,727
Royalties and other taxes	10,519	7,398	20,315	18,704
Net movement in inventories	26,652	(37,390)	11,977	(49,154)
Inventory writedown	32,332	-	49,204	-
Other	(259)	(107)	250	(61)
Total cost of sales	182,316	90,115	312,337	200,289

9. Cash and cash equivalents

$'000	**30 June 2011**	**31 December 2010**
Cash at bank and in hand	203,599	97,542
Short-term bank deposits	114	203
Cash and cash equivalents at the end of the period	203,713	97,745
Less: bank overdrafts	(25,042)	(35,674)
Net cash and cash equivalents per the cash flow statement	178,671	62,071

10. Borrowings

$'000	**30 June 2011**	**31 December 2010**
Non-current		
Senior secured high yield notes	390,334	-
Finance lease liabilities – hire purchase loans	4,736	2,056
	395,070	2,056
Current		
Bank overdrafts	25,042	35,674
Finance lease liabilities – hire purchase loans	4,795	6,010
Stockpile funding	30,000	22,951
	59,837	64,635
Total borrowings	454,907	66,691

On 28 April 2011, the Company issued $405 million in principal amount of 8.875% senior secured notes due 2016 which pay interest semi-annually on 1 May and 1 November. The senior secured notes are guaranteed on a senior basis by the Company and certain of our subsidiaries (the Guarantors) and rank pari passu to all of our existing and future indebtedness that is not subordinated in right of payment to the notes.

The senior secured notes are stated in borrowings net of unamortised issue costs of $14.7 million. These are allocated to the statement of comprehensive income over the five year term of the bond.

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

The Australian stockpile funding and overdraft facilities are 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 party 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	**30 June 2011**	**31 December 2010**
Interest free and repayable on demand	-	-
6 months or less	57,439	61,630
6 - 12 months	2,398	3,005
1 - 5 years	395,070	2,056
Over 5 years	-	-
	454,907	66,691

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

$'000	**30 June 2011**	**31 December 2010**
US dollar	445,376	58,625
Australian dollar	9,531	8,066
	454,907	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 six months ended 30 June 2011.

$'000	3 Months Ended 30 June Sales to related parties	3 Months Ended 30 June Purchases from related parties	6 Months Ended 30 June Sales to related parties	6 Months Ended 30 June Purchases from related parties	Balance at 30 June Amounts owed by related parties	Balance at 30 June Amounts owed to related parties
Trading companies related to the ultimate shareholder						
30 June 2011	61,077	7,256	114,054	12,688	25,260	32
30 June 2010	52,526	308	147,185	493	5,454	-
Finance companies related to the ultimate shareholder						
30 June 2011	-	-	-	-	-	-
30 June 2010	-	-	-	-	-	1,153,982
Other companies related to the ultimate shareholder						
30 June 2011	-	1,702	-	2,713	-	3,225
30 June 2010	-	1,055	-	2,098	-	2,817

Finance companies related to the ultimate shareholder
As at 30 June 2011, a related party loan balance of $966.2 million was recognised in equity.

Banks related to the ultimate shareholder
The Group holds bank accounts with Privat Bank, which the ultimate shareholder has a minority interest in. As at 30 June 2011, $109.2 million was held in current accounts with the bank (31 December 2010: $2.6 million).

13. Events occurring after the reporting period
There have been no material events that have occurred after the end of the reporting period.

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.