Consolidated Minerals Limited
March 2013

Financial Results for the three months to 31 March 2013

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Consolidated Minerals Limited ('Consmin' or the 'Company')

Report for the First Quarter ending 31 March 2013

30 May 2013

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

Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its quarterly results for the period ended 31 March 2013.

Key highlights

- Manganese sales tonnes increased 38% in Q1 2013, as a result of strong demand for Ghana ore and improved Australian sales due to the absence of adverse weather conditions in Australia compared to Q1 2012 which also contributed to a 47% increase in sales tonnes of chromite ore. In conjunction with higher prices achieved for both Manganese and Chromite ore, this resulted in total revenue increasing by 70% from Q1 2012.
- Average manganese sales prices achieved increased from $3.95 in Q1 2012 to $4.84 in Q1 2013. During Q1 2013, prices for benchmark manganese lump CIF China 45.5% grade material began at $5.30/dmtu for January shipments and gradually continued to increase to $5.60/dmtu for March shipments. Prices for April shipments were $5.90/dmtu with May and June shipments at $5.95/dmtu.
- In line with the mine plans, both Australia and Ghana manganese ore production in tonnes increased by 11% and 9% respectively compared to Q1 2012. Overall, total manganese ore produced in Q1 2013 was 10% higher in tonnes compared to Q1 2012.
- Manganese C1 cash costs have continued to improve from $3.27/dmtu in Q1 2012 to $2.62/dmtu in Q1 2013. The C1 cash costs have continued to maintain a downward trend from a peak of $3.78 in Q2 2011.
- The Group recorded a profit for the period of $23.6 million driven by its strong operational performance and the improved pricing environment.
- Consmin continues to focus on safety and there were no reported LTIs at either Australia or Ghana in the quarter.

Key Performance Indicators

	Quarter ended		
Unaudited	**31 March 2013**	**31 March 2012** (restated) [5]	**% change**
Manganese ore produced (dry kt)	830.3	756.1	9.8%
Manganese ore sales (dry kt)	800.5	580.5	37.9%
Average C1 manganese unit cash cost ($/dmtu)[1]	2.62	3.27	(19.9%)
Average manganese FOB Sales price ($/dmtu)	4.84	3.95	22.5%
Chromite ore produced (kt)	102.6	111.6	(8.1%)
Chromite sales (kt)	111.2	75.5	47.3%
Average C1 chromite unit cash cost ($/t)[1]	181	192	(5.7%)
Average chromite FOB sales price ($/t)	234	201	16.4%
Revenue ($ million)	166.7	98.0	70.1%
Adjusted EBITDA ($ million)[2]	55.2	10.2	441.2%
'Cash' EBITDA ($ million)[4]	56.6	(20.6)	(374.8%)
Profit / (loss) for the period	23.6	(14.0)	(268.6%)
	Quarter ended	**Year ended**	
Unaudited	**31 March 2013**	**31 December 2012**	**% change**
Cash and cash equivalents ($ million)	123.1	86.3	42.6%
Gross debt ($ million)	(372.1)	(385.6)	(3.5%)
Gross debt excluding high yield bonds ($ million)	(31.7)	(31.0)	2.3%
Net debt ($ million)	(249.0)	(299.3)	(16.8%)

[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 and chromite unit cash costs are an allocation of offsite, non-corporate and 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 before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss, non-cash inventory write-downs and exceptional items[3]. This is the key profitability measure used across the whole business and reflects the performance in a consistent manner and in line with how the business is managed and measured on a day to day basis. Adjusted EBITDA is not a uniformly or legally defined measure and is not recognised under IFRS or any other generally accepted accounting principles. Other companies in the mining industry may calculate this measure differently and consequently, our presentation of Adjusted EBITDA items may not be readily comparable to other companies' figures.

[3] Exceptional items are material and non-recurring items excluded from management's assessment of profits because by their nature they could distort the Group's underlying quality of earnings. These are excluded to reflect performance in a consistent manner and in line with how the business is managed and measured on a day to day basis.

[4] 'Cash' EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories.

[5] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

Commenting on the results, Jackie Callaway (CFO of Consmin) said:

"During the first quarter, Consmin delivered exceptional performance with a 70% increase in revenues, a 20% decrease in C1 cash costs (compared to the first quarter of 2012) and a profit of $24 million.

Sales volumes were significantly stronger in the quarter as a result of the combination of strong demand for Ghana ore and improved shipments of Australian ore due to the absence of adverse weather conditions. Combined with the improved sales prices for manganese and chromite ore, revenues for the quarter increased to $167 million.

Volumes of manganese ore produced were 10% higher as a result of strong operational performance. Manganese C1 cash costs continued to reduce to $2.62 per dmtu as a result of the successful implementation of cost reduction initiatives."

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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Jackie Callaway, CFO
Peter Allen, Managing Director, Marketing
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Conference Call

There will be a conference call for analysts and bondholders on 30 May 2013 at 1pm BST (British Summer Time).

To access the quarterly results conference call, you must first register in advance on:
http://emea.directeventreg.com/registration/event/64370806

The quarterly results conference call, conference ID 64370806, can then be accessed by dialling:
UK: +44 (0) 1452 322 716

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.

Marketing Review

Manganese Segment

Manganese is used in metallurgical applications for carbon and stainless steel production as well as non-metallurgical industrial applications for the chemical and fertilizer industries. Consmin markets a unique suite of differentiated products, produced from both our Australian and Ghana operations, specifically tailored to meet a variety of specialised metallurgical applications.

Nearly 90% of manganese ore units are consumed by the carbon steel industry. Manganese is a non-substitutable additive used as both a deoxidizing and desulphurising agent in the steel production process. Steel consumes various grades of manganese alloys, the intermediary product derived through the smelting of manganese oxide ore like that produced from the Woodie Woodie mine.

Stainless steel (200 series), the other key metallurgical application for manganese, consumes electrolytic manganese metal ('EMM'), produced through the hydrometallurgical processing of manganese ore, predominantly carbonate manganese ore, like that produced from Consmin's Ghana operations. China's stainless steel production grew by CAGR of 17% from 2007 to 2012. During that 5-year period, the proportion of 200 series stainless steel relative to total stainless steel production in China grew to over 30%.

Consmin's ability to differentiate its products to specific market segments is a result of the unique chemical composition of the ores produced from both Australian and Ghanaian operations. Consequently, the price Consmin achieves is consistently higher than on Manganese content basis alone.

In Q1 2013 Global steel production rose 3% to 389 million tonnes (1.55 billion tonnes on an annualised basis), driven mainly by strong growth in Asia. China, which accounts for circa 50% of world steel production and manganese ore demand, produced 192 million tonnes (767 million tonnes annualised). During the quarter China imported 3.68 million tonnes of manganese ore (14.72 million tonnes annualised) up 27% year on year.

The Company shipped 800k tonnes of manganese ore during Q1, representing a 38% increase from the 580k tonnes of ore shipped in Q1 2012. Australian exports of manganese were 393k tonnes in Q1 2013, an increase of 120k tonnes or 44% year on year. This significant rise in manganese ore shipped was mainly due to a lack of shipments in January 2012 out of Australia due to cyclonic weather. Exports of manganese ore from Ghana were 407k tonnes in Q1 2013 compared with 307k tonnes in the previous year, a rise of 33%, demonstrating strong demand for Ghana manganese ore. The majority of Q1 2013 sales from Ghana continued to be to China's leading EMM producer, with whom the Company has a long-term sales off-take agreement. The Company production and sales strategy for Ghana will continue to be underpinned by the long-term off-take sales agreement. Consmin maintains a diverse customer base with customers in China, India, USA, Ukraine, South Korea, Norway, Vietnam and Slovakia.

Record steel production resulted in continued high consumption rates of manganese ore. Declared global seaborne trade rose to 5.05 million tonnes in Q1 2013, up 12% compared with Q1 2012, with Chinese imports of 3.68 million tonnes representing 73% of all global imports.

Port stocks at China's major ports at the end of Q1 2013 were 2.5 million tonnes with port stocks rising by only 100k tonnes during Q1 2013. A shortage of high grade ore was evident throughout Q1 2013 resulting in prices rises in each month as the benchmark price for 45.5% manganese lump CIF China increased from $5.20/dmtu in December 2012 to $5.60/dmtu in March 2013 and has continued to rise to $5.95/dmtu for May and June shipments.

Chromite Segment

As with manganese ore, the demand for chromite ore is primarily driven by China, which is reliant on imported chromite ore as feed for the production of ferro-chrome, a key input of stainless steel.

Global stainless steel demand fell by 1.2% in Q1 2013 compared with Q1 2012; however demand in China continued to rise as did its production. China is the largest producer of stainless steel, accounting for over 40% of worldwide production. China's production of stainless steel increased by 13% in Q1 2013 to circa 4.4 million tonnes. During the first quarter China imported 2.67 million tonnes of chromite ore compared to 2.16 million tonnes in Q1 2012, a rise of 24% year on year.

The ferrochrome market in China saw price gains during January and February, but they began falling in March 2013. Tender prices by large stainless steel mills have continued falling through May as the market outlook remains weak. Within this climate, CML was able to increase the price by 9% from December 2012, with March and April prices peaking at US$235/tonne CIF China. However, May prices have fallen by US$10/tonne to US$225/tonne.

Consmin chromite ore sales continued to be shipped solely to the Chinese market with quarterly sales reaching a record 111k tonnes, up 47% on Q1 2012 sales. As noted, Consmin was able to increase its sales price throughout the quarter and maintain it in April, before seeing prices decline in May. In contrast, South Africa, the largest exporter of Chromite ore, saw its prices begin to decline month on month since February 2013.

With forecasts of increasing output of stainless steel from China the company expects to see continued strong demand for chrome ore, but with weakness in downstream ferrochrome market chromite ore prices should continue to feel downward pressure.

Operational Review

Manganese Segment

Summary Overview (Unaudited)	Quarter ended 31 March 2013	31 March 2012	% change
Total mined (kBCM)	3,437	4,990	(31.1%)
Manganese ore produced (dry kt)	830.3	756.1	9.8%
Australia	*405.4*	*364.7*	*11.2%*
Ghana	*424.9*	*391.4*	*8.6%*
Manganese ore produced (mdmtu)	30.2	27.2	11.0%
Australia	*18.4*	*16.1*	*14.3%*
Ghana	*11.8*	*11.1*	*6.3%*
Manganese ore sales (dry kt)	800.5	580.5	37.9%
Australia	*393.3*	*273.7*	*43.7%*
Ghana	*407.2*	*306.8*	*32.7%*
Manganese ore sales (mdmtu)	29.1	21.0	38.6%
Australia	*17.4*	*12.2*	*42.6%*
Ghana	*11.7*	*8.8*	*33.0%*
Total capex ($ million)	18.9	3.9	384.6%
Average unit cash cost ($/dmtu)	2.62	3.27	(19.9%)

Australia: Woodie Woodie

Overview

Woodie Woodie is located in the Pilbara region of Western Australia, approximately 400km east of the town and port of Port Hedland. The Woodie Woodie tenements comprise of 5,400km^2 of exploration tenements and a 100km^2 currently active mining corridor. Whilst mining operations at Woodie Woodie date back to the 1950's, the mine is serviced by modern infrastructure including an accommodation village, administration buildings, maintenance workshop facilities, power generation infrastructure, a sealed all-weather airstrip and a sealed public road which connects the mine to Port Hedland. Woodie Woodie's high manganese and low phosphorus ores and Port Hedland's location proximate to key Asian markets represents a key competitive advantage.

Safety

The safety performance at Woodie improved during the quarter, with no lost time injuries suffered. It is also pleasing to note that the Total Recordable Injury Frequency Rate reduced during the quarter. Significant effort continues to be made to deliver a step change improvement in safety performance.

Production

Mining production for the quarter centred in the now fully developed Greensnake pit, Dhufish and Big Mack pits. Mining was completed in Big Mack in March and development commenced on the replacement pit, Parrot. Continued focus from the mining team on equipment productivity and utilisation is expected to reap cost and production dividends during the year.

Total BCM mined reduced from the corresponding quarter in 2012 as a result of the transition to owner miner during 2012 and the implementation of a new mine plan during November 2012. Mining production in Q1 2013 was in line with mine plan and 2013 budget expectations.

Ore production increased in Q1 2013 by 11.2% compared to Q1 2012, to 405kt at an average grade of 45.4% manganese. This equates to an annualised rate of 1.62mt. This increase is largely driven by the high grade ore now being mined from Greensnake and operational improvements which continue to be made to the processing operations. This production is in line with the expectations of the mine plan and 2013 budget.

The performance of the Woodie mine continues to become more efficient and reliable as the Company's leadership and the mine's management team continue to focus on planning and the productive use of our assets.

Capex

A total of $6.4 million was spent on property, plant and equipment (including the value of equipment acquired under HP agreements) during Q1 2013, including a long haul dump truck, dewatering pumps, minor upgrades to the airstrip and potable water infrastructure for the village.

Exploration and Resource Development

No significant regional exploration was undertaken during the quarter as the wet season prohibits remote travel. Detailed project planning for the upcoming field season which commences in earnest in May each year was undertaken. A few select near mine targets were drilled at Paystar and Parrot and are expected to primarily improve the geological understanding of these deposits with some minor increase in Resources anticipated.

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 tarred 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 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 excellent safety record at Nsuta continued, with no major reportable incidents or accidents reported during Q1 2013.

Production

Mine production during the quarter was in line with the mine plan, whereby the Company is focusing on a higher waste/ore stripping ratio section of the mine. As a result ore BCM mined decreased by 13% compared to Q1 2012; however production increased by 9% to 425kt compared to 391kt in Q1 2012 as a result of crushing more tons from the ROM stockpile.

Capex

GMC spent $9.4 million on property, plant and equipment ('PP&E') during the quarter. The majority of the Q1 2013 capital expenditure was targeted at the purchase of a new mining production fleet from KOMATSU (4 x 785 dump-trucks and 1 x PC2000 excavator).

Exploration

Drilling focused on the continued resource development of Pit C Area, with encouraging results. GMC further received the SRK phase 1 report of the mineral resources and ore reserves of the Nsuta Manganese Deposit in Ghana, covering the period 1st July 2011 - 30th June 2012. This exercise has been followed-up by the SRK mineral resource update (phase 2), with an effective date of 31st December 2012. The outcome of this report is expected during Q2 2013. Furthermore the Company is in process of finalising a new Life of Mine Plan (LoM) in close cooperation with TACMIN SA.

Projects

GMC received confirmation by the Ghana Ports and Harbours Authority (GPHA) that contracts had been executed in respect of the construction of a bulk-handling jetty at Takoradi Port (Master Plan). The jetty will be enclosed by a breakwater extension and is expected to have a sea water draft of 16 meters. Further details on this project are expected later in the year. GMC have also further jointly investigated with GPHA the possibility of executing an offshore trans-shipment option with discussions currently on-going.

Chromite Segment

Summary Overview	Quarter Ended 31 March 2013	31 March 2012	% change
Chromite ore produced (dry kt)	102.6	111.6	(8.1%)
Chromite ore sales (dry kt)	111.2	75.5	47.3%
Average C1 chromite unit cash cost ($/dry t)	181	192	(5.7%)
Average FOB sales price ($/dry t)	234	201	16.4%

Australia: Coobina

Overview

The Coobina mine ('Coobina') produces chromite ore in the form of lump and sands. The operation is located approximately 550km inland from Port Hedland, Western Australia and is well situated to serve the growth market of China. The Coobina ores can be used as either direct or blending feed ore for the production of ferrochrome. Coobina chromite ore is characterised by its good chromium percentage above 40% and attractive chromium to iron ratios above 1.5 which make it highly valued by alloy producers as a blending product.

Safety

The safety performance at Coobina improved during the quarter, with no lost time injuries suffered. It is also pleasing to note that the Total Recordable Injury Frequency Rate reduced during the quarter. Significant effort continues to be made to improve safety performance and positive trends are emerging.

Production

Production during the quarter decreased 8% to 103kt compared to the corresponding period in 2012, being an annualised rate of 412kt. This reduction was primarily caused by slightly lower product yields due to an increasing proportion of lower grade ores being fed into the processing plant. This is a result of normal pit sequencing and is expected to recover slightly in Q2 2013.

Capex

Capital expenditure was negligible during the quarter with $200k spent on components for the processing plant and potable water bore.

Exploration

As with prior periods no significant exploration was undertaken at Coobina.

Other

Mindy Mindy

Consmin has a significant interest in the Mindy Mindy iron ore tenements through its 50% shareholding in Pilbara Iron Ore Pty Ltd ('PIO'). Ownership of one of the tenements is subject to court determination, which is expected to be clarified during 2013.

BC Iron Limited ('BC Iron')

BC Iron is an iron ore mining company listed on the ASX (ticker: BCI). As at the end of Q1 2013, the Company's holding in BC Iron had decreased slightly to 23.2%, from 23.9% at the end of 2012, as a result of the dilutive effect of a share issue plan and conversion of options. The market value of the Company's holding in BC Iron at 31 March 2013 was US$96.6 million

OM Holdings Limited ('OM Holdings')

OM Holdings is, primarily, a vertically integrated manganese marketing and mining company listed on the ASX (ticker: OMH). As at the end of Q1 2013, the Company's holding in OM Holdings remained at 8.7% as it was at the end of 2012. The market value of the Company's holding in OM Holdings as at 31 March 2013 was US$20.2 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, 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.

People

The Board wishes to advise that Ms Jackie Callaway has resigned as CFO of the Group. The Board would like to thank Jackie for her significant contribution to the Group and wish her well in her future endeavours. A recruitment process to replace the CFO has commenced and an appointment is expected to be announced before the release of the half year results.

Financial Review

Unaudited Condensed Consolidated Statement of Comprehensive Income

$m	Quarter Ended 31 March 2013	31 March 2012 (restated) [1]
Revenue	166.7	98.0
Cost of sales	(96.4)	(71.6)
Gross profit	70.3	26.4
Selling and distribution costs	(27.8)	(23.0)
General and administrative costs	(10.1)	(9.7)
Other operating income – net	0.9	1.2
Net foreign exchange gain	0.2	1.1
Operating profit / (loss)	33.5	(4.0)
Presented as:		
Adjusted EBITDA	**55.2**	**10.2**
Depreciation and amortisation	(21.9)	(21.9)
Net foreign exchange gain	0.2	1.1
Non-cash inventory NRV write back / (down)	-	6.6
Operating (loss) / profit	33.5	(4.0)
Net financing costs	(8.7)	(7.9)
Share of losses of associated undertakings	-	(0.2)
Profit / (loss) before tax	24.8	(12.1)
Taxation	(1.2)	(1.9)
Profit / (loss) for the period	23.6	(14.0)

[1] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

Unaudited Condensed Segment Information

Quarter ended 31 March 2013 – $m	Manganese	Chromite	Other	Total
Revenue	140.7	26.0	-	166.7
Cost of sales	(74.3)	(20.9)	(1.2)	(96.4)
Gross profit	66.4	5.1	(1.2)	70.3

Quarter ended 31 March 2012 – $m (restated) [1]	Manganese	Chromite	Other	Total
Revenue	82.8	15.2	-	98.0
Cost of sales	(57.4)	(13.7)	(0.5)	(71.6)
Gross profit	25.4	1.5	(0.5)	26.4

[1] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

Revenue

The consolidated revenue for the Group increased by 70% from $98 million in Q1 2012 to $167 million in Q1 2013 as a result of higher manganese and chromite revenues both due to the combination of higher volumes and prices.

The 39% increase in total sales volumes in Q1 2013 was due to strong demand for Ghana manganese ore and the absence of adverse weather conditions in Australia, when compared to Q1 2012. The average price of our manganese ore sold in Q1 2013 was $4.84/dmtu FOB, compared to $3.95/dmtu FOB in Q1 2012, an increase of 23% reflecting the fact that benchmark manganese lump CIF China 45.5% grade material price increased by 14% over the same period. The benchmark price began 2013 at $5.30/dmtu for January shipments and gradually increased to $5.90/dmtu for April shipments. The benchmark price increased to $5.95 for May shipments and remained at this level for June shipments.

Revenue from sales of chromite ore increased from $15 million in Q1 2012 to $26 million in Q1 2013, an increase of 71%, as a result of a 47% increase in volumes sold and an increase in sales price of 16%. The increase in sales volume is driven by the absence of adverse weather conditions in Australia compared to Q1 2012.

The nickel operations remained on care and maintenance during Q1 2013 and no revenue was recognised.

Cost of Sales

The cost of sales for the Group increased from $72 million in Q1 2012 to $96 million in Q1 2013, an increase of 34%. An analysis of the cost of sales is as follows:

$m	Quarter Ended		
	31 March 2013	31 March 2012 (restated) [1]	Movement
Manganese	74.3	57.4	29.4%
Chromite	20.9	13.7	52.6%
Other	1.2	0.5	140.0%
Total	96.4	71.6	**34.6%**

[1] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

Manganese

A breakdown of the manganese cost of sales is as follows:

$m	Quarter Ended		
	31 March 2013	31 March 2012 (restated) [1]	Movement
Mining and production expenses	50.3	65.3	(23.0%)
Depreciation and amortisation	16.9	17.8	(5.1%)
Royalties and other taxes	9.3	5.3	75.5%
Deferred stripping	(0.8)	(7.7)	(89.6%)
Inventory NRV write-back	-	(6.1)	(100.0%)
Net movement in inventories	(1.3)	(17.2)	(92.4%)
Other	(0.1)	-	-
Total	**74.3**	**57.4**	**29.4%**

[1] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

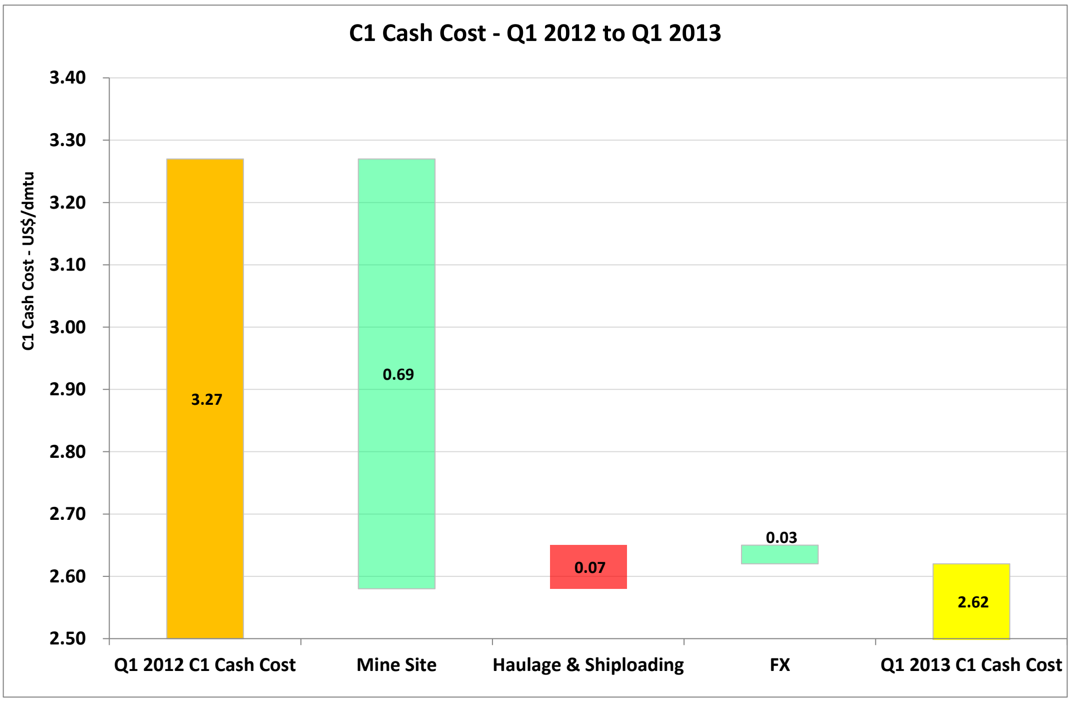
The principal movements in manganese cost of sales are as follows:

- The net reduction in mining costs of $15 million represents savings as a result of lower total BCM movements and the successful implementation of efficiency programmes as part of the move to owner operator in second half of 2012 offset by the incremental costs associated with increased ore production.
- A reduction in the depreciation and amortisation charge of $1 million as a result of increasing the reserves base and consequently in the useful life of assets in Australia (as noted in the 2012 Resource and Reserves statement).
- An increase in royalties of $4 million is as a result of the higher revenues earned in the quarter.
- An increase in costs of $7 million due to a reduction of the amount of deferred stripping costs capitalised – see note 2a of the interim consolidated financial statements.
- A net increase in costs of $6m in the valuation of inventory as a result of there being no NRV write back in Q1 2013 compared to a write-back of $6 million in Q1 2012. The 2012 write back was as the result of the sales of stocks that had been impaired in 2011.
- An increase in costs of $16 million relating to movement in inventories. In Q1 2012 finished product inventory costs were capitalised to the balance sheet as a result of the delayed shipment from the end of March to early April 2012 due to adverse weather conditions.

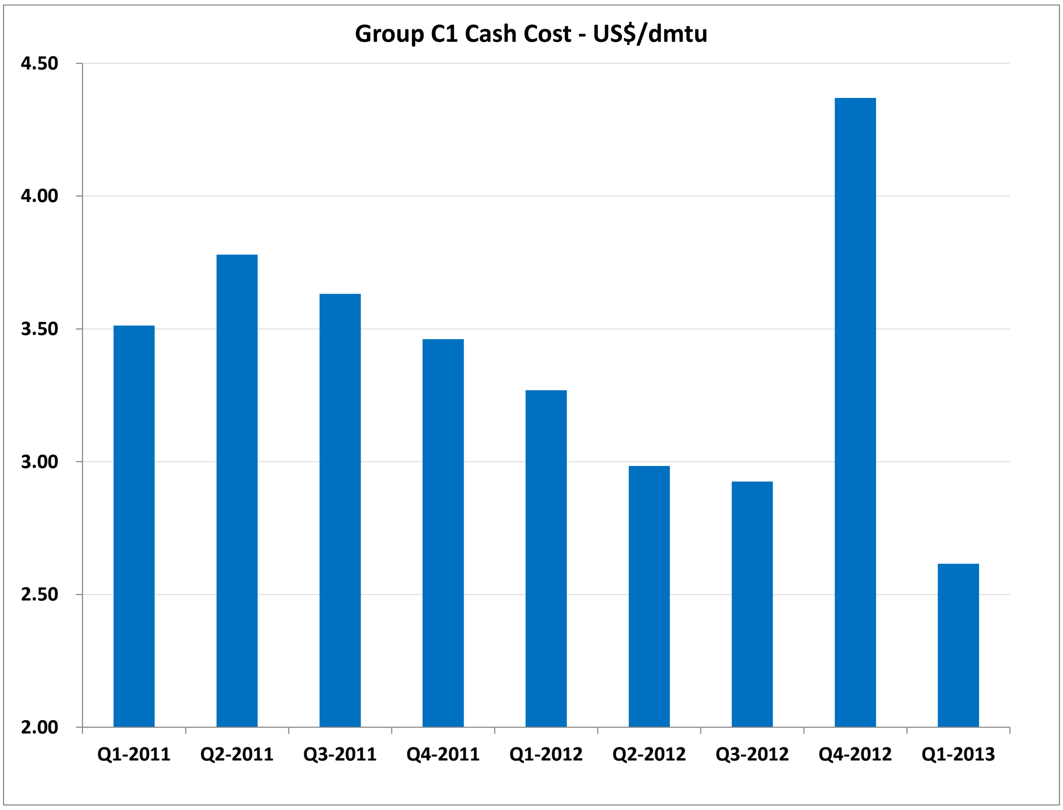
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Group has adopted IFRIC 20 effective 1 January 2013. The impact of IFRIC 20 for the Group on the 2012 results has been to substitute the previous amounts charged to the income statement as deferred stripping costs and replace these with a charge to depreciate the stripping asset over the identified component of ore body on a units of production basis. The impact on the 2012 results is included in note 2a of the financial statements. It should be further noted that the adoption of IFRIC 20 impacts the manganese segment cost of sales but has no impact of C1 cash costs (where both depreciation and deferred stripping are excluded) or 'cash EBITDA'.

The Company uses the 'C1 cash cost' as a measure of average unit cost. The C1 unit cash cost represents the cash cost incurred at each processing stage from mining through to shiploading, over the total manganese dmtu produced. The average C1 unit cost of manganese production, on a "fully expensed" mining cost basis, decreased from $3.27/dmtu for Q1 2012 to $2.62/dmtu for Q1 2013 – as the graph below shows there was a decrease in the underlying mining site costs, offset by increased haulage and shiploading costs. As previously noted, the savings in mine site costs per unit are as a result of the initiatives previously undertaken and in accordance with the mine plan to focus on high value low strip ratio pits. Haulage and shiploading unit costs have increased as a result of additional volumes sold in Q1 2013 (compared to Q1 2012) offset by decreases in unit costs.



The graph below shows the continued progression in the reduction of C1 unit cash cost since Q1 2011. The C1 cash cost has decreased from a peak in Q2 2011 of $3.78/dmtu to $2.62/dmtu for Q1 2013 as a result of the continued successful implementation of efficiency programmes noted above. The increase in Q4 2012 C1 unit cash costs was as a direct result of the planned stripping programme in Ghana.



Chromite

Cost of sales for the chromite segment increased by $7 million from $14 million in Q1 2012 to $21 million in Q1 2013. The increase was driven by the increase in sales during the period and a reduction in stocks at the end of Q1 2013.

Gross Profit

Gross profit for the Group has increased by 166%, from $26 million in Q1 2012 to $70 million in Q1 2013 driven by a combination of higher sales volumes, improved manganese and chromite ore prices and a reduction in both manganese and chromite C1 cash costs per unit. Gross profit as a percentage of revenue has also increased from 27% in Q1 2012 to 42% in Q1 2013 reflecting the impact of the improvements in manganese pricing, reductions in the manganese C1 cash costs and the improved profitability of the Chromite business.

Gross profit for the manganese segment increased by 161% from $25 million in Q1 2012 to $66 million in Q1 2013. This has been mainly driven by the 38% increase in sales volumes, the 23% increase in the average sales price for the quarter and the 20% reduction in C1 cash costs compared to the prior year.

Gross profit for the chromite segment increased from a $1.5 million in Q1 2012 to $5.1 million in Q1 2013. This increase was predominantly due to a combination of increased revenues and a reduction in cost of sales per unit as a result of efficiencies in minegate costs following the transfer of surplus equipment from Woodie Woodie, which replaced hired equipment.

Adjusted EBITDA and Cash EBITDA

Cash EBITDA is calculated as follows:

$m	**Quarter Ended**	
	31 March 2013	**31 March 2012** (restated) [1]
Operating (loss) / profit	**33.5**	**(4.0)**
Depreciation and amortisation	21.9	21.9
Net foreign exchange gain	(0.2)	(1.1)
Non-cash NRV inventory adjustment	-	(6.6)
Adjusted EBITDA	**55.2**	**10.2**
Deferred stripping	(0.8)	(7.7)
Net decrease / (increase) in inventories	2.2	(23.1)
'Cash' EBITDA	**56.6**	**(20.6)**

[1] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain or loss, non-cash inventory write-downs and exceptional restructuring items. It is the key profitability measure used across the whole business and reflects the performance in a consistent manner and in line with how the business is managed and measured on a day to day basis. Adjusted EBITDA has increased from $10 million in Q1 2012 to $55 million in Q1 2013 primarily as a result of higher revenues ($69 million) and a reduction in mining and production expenses ($18 million). These positive variances were offset by an increase in royalties ($4 million), an increase in selling and distribution expenses ($5 million), an increase in costs due to the reduction of the amount of deferred stripping costs capitalised ($7 million), an increase in costs of $25 million relating to movement in inventories (in Q1 2012 finished product inventory costs were capitalised as a result of the delayed shipment from the end of March to early April 2012 due to adverse weather conditions) and movements in other categories of $1 million.

The 'Cash' EBITDA result removes the impact of certain non-cash items, including deferred stripping and movement in inventories, which are not excluded from the Adjusted EBITDA calculation. Cash EBITDA has increased from a loss of $21 million in Q1 2012 to a profit of $57 million in Q1 2013 primarily as a result of higher revenues ($69 million) and a reduction in mining and production expenses ($18 million). These positive variances were offset by an increase in royalties ($4 million), an increase in selling and distribution expenses ($5 million) and movements in other categories of $1 million.

Other Key Items

Selling and distribution expenses increased from $23 million in Q1 2012 to $28 million in Q1 2013 as a result of the impact of increasing sales volumes on haulage and shiploading costs. General and administrative expenses for Q1 2013 remained broadly flat compared to Q1 2012.

The Group is subject to taxation in the jurisdictions in which it operates, primarily Australia and Ghana. The Company is domiciled in Jersey and is subject to a corporate tax rate of 0%. The Group recognised an income tax charge in Q1 2013 of $1 million, compared to an income tax credit of $2 million in Q1 2012.

Profit for the Period

The Group has recognised a profit for Q1 2013 of $23.6 million compared to a loss of $14.0 million in Q1 2012.

Other Comprehensive (Loss) / Income

The Group recorded other comprehensive income of $6 million in Q1 2013, compared to $15 million in Q1 2012. The income in the period was largely as a result of a $5 million increase in the value of available-for-sale assets. The other comprehensive income of $15 million in Q1 2012 was as a result of a net foreign currency translation gain of $7 million and an $8 million increase in the value of available-for-sale assets.

Unaudited Condensed Consolidated Statement of Financial Position

$'000	*As at* 31 March 2013	31 December 2012 (restated) [1]
Cash and cash equivalents	123.1	86.3
Other current assets	139.5	146.5
Non-current assets	647.6	650.0
Total assets	910.2	882.8
Current borrowings	(18.5)	(17.6)
Non-current borrowings	(353.6)	(368.0)
Other current liabilities	(92.0)	(80.5)
Other non-current liabilities	(109.9)	(110.0)
Total liabilities	(574.0)	(576.1)
Total equity	336.2	306.7

[1] Balances related to 2012 have been restated to reflect the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. See note 2a of the interim consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents increased from $86 million on 31 December 2012 to $123 million on 31 March 2013, an increase of $37 million. This is due to strong cash flows from operations offset by capital expenditure and bond buy backs.

Borrowings

Group current borrowings have remained relatively flat at $19 million on 31 March 2013. Non-current borrowings have decreased from $368 million on 31 December 2012 to $354 million on 31 March 2013 primarily as a result of bond buy-backs in Q1 2013.

Liquidity

During Q1 2013 the Group generated a $70 million inflow from operations compared to $13 million in Q1 2012. This positive variance is attributable to the combination of increased sales prices and volumes and a reduction in C1 cash costs. The Group is forecasting to continue to generate strong positive operating cash flows going forward.

The liquidity position of the Group is further supported by over $100 million of the marketable securities held (at 29th May 2013) that could be converted to cash if such a need arose.

The Group had a total overdraft facility in Ghana of $29.5 million with $16.5 million remaining undrawn and available at the 31 March 2013.

Guarantor Group

During the three months ended 31 March 2013, the Guarantors represented 100% (31 March 2012: 100%) of our consolidated revenues and 88.4% (31 March 2012: -37.8%) of our consolidated EBITDA. As of 31 March 2013, the Guarantors represented 88.4% of our consolidated total assets (31 March 2012: 83.5%). As of 31 March 2013, the non-guarantor subsidiaries have $13.0 million (31 March 2012: $9.7 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 Statement of Cash Flows

$'000	Quarter Ended 31 March 2013	31 March 2012
Cash inflow from operating activities	69.8	13.4
Cash outflow from investing activities	(18.2)	(13.9)
Cash (outflow) / inflow from financing activities	(16.8)	(12.0)
Increase / (decrease) in cash and cash equivalents	34.8	(12.5)
Cash and cash equivalents at the start of the period	73.9	138.1
Exchange losses on cash and cash equivalents	1.4	(1.4)
Cash and cash equivalents at the end of the period	110.1	124.2

Cash Flows

Net cash generated from operating activities amounted to $70 million in Q1 2013 compared to $13 million in Q1 2012, an increase of $57 million. This increase in operating cash flow was driven by the higher revenues and lower cash costs in Q1 2013 and improvements in working capital. The net cash outflow from investing activities was $18 million in Q1 2013 due to payments for capital expenditure. The net cash outflow from financing activities was $17 million in Q1 2013 compared to $12 million in Q1 2012, with the increased outflow due to the increased repurchase of bonds in Q1 2013.

Overall the Group has managed to improve its strong closing cash position in Q1 2013 through improvements in operational performance and effective working capital management. Total cash and cash equivalents increased from $74 million on 31 December 2012 to $110 million on 31 March 2013.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information
For the Three Months Ended 31 March 2013

Unaudited condensed consolidated statement of comprehensive income for three months ended 31 March 2013

$m	Note	Three months ended 31 March 2013	2012 *(restated - note 2a)*
Revenue	7	166.7	98.0
Cost of sales	8	(96.4)	(71.6)
Gross profit		70.3	26.4
Selling and distribution costs		(27.8)	(23.0)
General and administrative costs		(10.1)	(9.7)
Other operating income – net		0.9	1.2
Net foreign exchange gain		0.2	1.1
Operating profit / (loss)		33.5	(4.0)
Presented as:			
Adjusted EBITDA		**55.2**	**10.2**
Depreciation and amortisation		(21.9)	(21.9)
Net foreign exchange gain		0.2	1.1
Non-cash inventory NRV write back / (down)		-	6.6
Operating (loss) / profit		33.5	(4.0)
Financing income		1.0	2.1
Financing costs		(9.7)	(10.0)
Net financing costs		(8.7)	(7.9)
Share of losses of associated undertakings		-	(0.2)
Profit / (loss) before tax		24.8	(12.1)
Income tax (expense) / credit		(1.2)	(1.9)
Profit / (loss) for the period		23.6	(14.0)
Other comprehensive income			
Revaluation of available-for-sale financial assets		4.6	7.5
Foreign currency translation differences		1.2	7.1
Income tax charge on other comprehensive income		0.6	(0.1)
Other comprehensive income for the year, net of income tax		6.4	14.5
Total comprehensive income for the period		30.0	0.5
Profit / (loss) attributable to:			
Owners of the Company		23.4	(14.2)
Non-controlling interests		0.2	0.2
Profit / (loss) for the period		23.6	(14.0)
Total comprehensive income attributable to:			
Owners of the Company		29.8	0.3
Non-controlling interests		0.2	0.2
Total comprehensive income for the period		30.0	0.5

The notes on pages 21 to 28 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of financial position as at 31 March 2013

$m	Note	As at 31 March 2013	As at 31 December 2012 (restated - note 2a)
Non-current assets			
Property, plant and equipment		396.6	405.2
Intangible assets		92.5	89.9
Goodwill		28.9	28.9
Investments in associated undertakings		64.2	65.4
Available-for-sale financial assets		21.6	17.0
Trade and other receivables		0.2	0.2
Deferred tax asset		43.6	43.4
		647.6	**650.0**
Current assets			
Inventories		70.7	73.1
Trade and other receivables		68.8	72.2
Income tax receivable		-	1.2
Cash and cash equivalents	9	123.1	86.3
		262.6	**232.8**
Current liabilities			
Borrowings	10	(18.5)	(17.6)
Trade and other payables		(84.7)	(73.4)
Provisions		(7.3)	(7.1)
		(110.5)	**(98.1)**
Net current assets		**152.1**	**134.7**
Non-current liabilities			
Borrowings	10	(353.6)	(368.0)
Trade and other payables		(6.8)	(6.7)
Provisions		(62.8)	(62.0)
Deferred tax liabilities		(40.3)	(41.3)
		(463.5)	**(478.0)**
Net assets		**336.2**	**306.7**
Attributable to the equity shareholders of the parent company			
Share capital		10.0	10.0
Share premium		194.7	194.7
Subordinated shareholder loans treated as equity		966.2	966.2
Reserves		32.8	26.4
Retained losses		(880.3)	(903.7)
Total equity attributable to equity holders of the parent company		**323.4**	**293.6**
Non-controlling interests		12.8	13.1
Total equity		**336.2**	**306.7**

The notes on pages 21 to 28 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 2013

$m	Share capital	Share premium	Shareholder equity	Reserves	Retained losses *(restated – note 2a)*	Total	Non-controlling interests	Total
	Attributable to equity shareholders of the parent Company							
Balance at 1 January 2013	10.0	194.7	966.2	26.4	(903.7)	293.6	13.1	306.7
Profit for the period	-	-	-	-	23.4	23.4	0.2	23.6
Revaluation of available-for-sale financial assets	-	-	-	4.6	-	4.6	-	4.6
Foreign currency translation differences	-	-	-	1.2	-	1.2	-	1.2
Income tax on other comprehensive income	-	-	-	0.6	-	0.6	-	0.6
Dividend paid							(0.5)	(0.5)
Balance at 31 March 2013	10.0	194.7	966.2	32.8	(880.3)	323.4	12.8	336.2

$m	Share capital	Share premium	Shareholder equity	Reserves	Retained losses *(restated – note 2a)*	Total	Non-controlling interests	Total
	Attributable to equity shareholders of the parent Company							
Balance at 1 January 2012	10.0	194.7	966.2	26.1	(854.6)	342.4	14.2	356.6
(Loss) / profit for the period	-	-	-	-	(14.2)	(14.2)	0.2	(14.0)
Revaluation of available-for-sale financial assets	-	-	-	7.5	-	7.5	-	7.5
Foreign currency translation differences	-	-	-	7.1	-	7.1	-	7.1
Income tax on other comprehensive income	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Balance at 31 March 2012	10.0	194.7	966.2	40.6	(868.8)	342.7	14.4	357.1

The notes on pages 21 to 28 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of cash flows for the three months ended 31 March 2013

$m	Note	Three months ended 31 March 2013	2012 (restated - note 2a)
Cash flow from operating activities			
Profit / (loss) before tax		24.8	(12.1)
Adjustments to add / (deduct) non-cash items:			
Depreciation and amortisation		21.9	21.9
Deferred stripping		(0.8)	(7.7)
Non-cash inventory NRV write-back /(write-down)		-	(6.6)
Gain on sale of fixed assets		-	(0.3)
Share of loss of associated undertakings		-	0.2
Net foreign exchange gain / (loss)		(0.2)	(1.1)
Net financing costs		8.7	7.9
Working capital adjustments:			
Decrease / (increase) in inventories		2.4	(24.2)
Decrease in receivables		7.8	36.3
Increase in payables		6.8	2.0
Net movement in working capital		17.0	14.1
Income taxes paid		(1.6)	(2.9)
Net cash generated from operating activities		**69.8**	**13.4**
Cash flow from investing activities			
Payments for development expenditure		(1.2)	(2.7)
Purchase of property, plant and equipment		(14.0)	(5.2)
Proceeds from sale of property, plant and equipment		-	0.3
Payments for mineral exploration and evaluation expenditure		(4.8)	(3.3)
Interest received		0.6	0.4
Proceeds from dividends received		1.2	
Payments for investments in associates		-	(3.4)
Net cash outflow from investing activities		**(18.2)**	**(13.9)**
Cash flow from financing activities			
Proceeds from related party borrowings		-	0.6
Interest paid		(0.8)	(0.8)
Payments for repurchase of senior secured notes		(14.5)	(11.2)
Repayment of borrowings		(1.5)	(1.1)
Net proceeds from stockpile funding		-	0.5
Net cash (outflow) / inflow from financing activities		**(16.8)**	**(12.0)**
Net increase / (decrease) in cash and cash equivalents		**34.8**	**(12.5)**
Cash and cash equivalents at the beginning of the period		73.9	138.1
Exchange gains / (losses) on cash and cash equivalents		1.4	(1.4)
Cash and cash equivalents at the end of the period	9	**110.1**	**124.2**

The notes on pages 21 to 28 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 and chromite ore. 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 2013 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 2013, 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 2012 but comparative information is derived from those accounts. Statutory accounts for 2012 have been filed with the Jersey registrar of companies and the auditors have issued an unqualified audit opinion on these accounts.

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2013 relevant to the Group

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective 1 January 2013): IFRIC 20 sets out the accounting for costs of stripping activities during the production phase of a mine and the associated future benefits of access to usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 considers when and how to account separately for these two benefits, as well as how to measure these benefits both initially and subsequently. The Group has adopted IFRIC 20 effective 1 January 2013. Upon adoption of IFRIC 20, we assessed the stripping asset at 1 January 2011 (being the beginning of the earliest period that will be presented in the 2013 annual financial results) and determined that there are identifiable components of the ore body with which stripping assets can be associated, and therefore no balance sheet adjustment was recorded. The adoption of IFRIC 20 for the Group has substituted the previous amounts charged to the income statement as deferred stripping costs (related to deferred stripping in periods where the stripping ratio is below that of the mine plan) and replaced these with a charge to depreciate the stripping asset over the identified component of ore body on a units of production basis. For the quantitative impact of adopting this standard on prior period consolidated financial statements, please refer to the tables below. All IFRIC 20 adjustments impacted the manganese segment.

Adjustments to the consolidated statement of income:

For the 3 months ended 31 March $m	2012 (previously stated)	Deferred stripping	Depreciation	2012 (restated)
Cost of sales	(69.1)	5.5	(8.0)	(71.6)
Decrease in net income		5.5	(8.0)	(2.5)

Adjustments to the consolidated statement of financial position:

As at: $m	31 December 2012 (previously stated)	Deferred stripping	Depreciation	31 December 2012 (previously stated)
Property, plant and equipment	409.6	21.6	(26.0)	405.2
Increase in retained losses		21.6	(26.0)	(4.4)

Adjustments to the consolidated statement of cash flows:

For the 3 months ended 31 March $m	2012 (previously stated)	Deferred stripping	Depreciation	2012 (restated)
Profit / (loss before tax)	(9.6)	5.5	(8.0)	(12.1)
Depreciation and amortisation	(13.9)	-	(8.0)	(21.9)
Deferred stripping	(2.2)	(5.5)	-	(7.7)
Net cash generated from operations		-	-	

- IFRS 10 *Consolidated Financial Statements* (effective 1 January 2013): IFRS 10 is a new standard that replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The core principle that a consolidation entity presents a parent and its subsidiaries as if they are a single entity, and the mechanics of consolidation, remain unchanged. The standard has not been early adopted by the Group and is not expected to have an impact on the consolidation of the Group.

(b) New and amended standards mandatory for the first time for the financial year beginning 1 January 2013 but not currently relevant to the Group

- IAS 12 *Income taxes* has been updated to include a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale, and a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis.
- IAS 1 *Presentation of Financial Statements - Presentation of Other Comprehensive Income* (effective 1 July 2012): The IASB has issued an amendment to the standard requiring entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.
- IAS 19 *Employee Benefits* amendments (effective 1 January 2013) regarding the treatment of defined benefit schemes which are not relevant to the group.
- IFRS 11 *Joint Arrangements* (effective 1 January 2013): IFRS 11 is a new standard focusing on the rights and obligations of the arrangement, rather than its legal form. The standard defines two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group has not yet completed its evaluation of the effect of adoption.
- IFRS 12 *Disclosure of Interests in Other Entities* (effective 1 January 2013): This standard requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. includes the disclosure requirements for all forms of interests in other entities, Adoption of the standard is likely to results in increased disclosure in the Group financial statements.
- IRFS 13 *Fair Value Measurement* (effective 1 January 2013): This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.
- IFRS 7 *Financial Instruments* offsetting financial assets and financial liabilities amendment (effective 1 January 2013) requires the disclosure of information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32, namely that there exists a legally enforceable right to offset the asset and the liability and that settlement is intended on a net basis.

(c) New Standards and revisions to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 9 *Financial Instruments: Classification and Measurement* (effective 1 January 2015): IFRS 9 was issued by the IASB in November 2009 and subsequently amended in October 2010. This new standard represents the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and recognition. The Group has not yet completed its evaluation of the effect of adoption.

(d) Comparatives

Where applicable, comparatives have been prepared on the same basis as current period figures.

3. Accounting policies

The accounting policies are consistent with those of the annual financial information for the year ended 31 December 2012, 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) 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 2013	Average 3 months to 31 March 2013	31 December 2012	Average 3 months to 31 March 2012	31 March 2012
Australian dollar	1.0416	1.0389	1.0371	1.0552	1.0385

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 are discussed below.

Impairment

In accordance with IAS 36 *Impairment of Assets*, assets and investments are tested for impairment when circumstances indicate there may be a potential impairment. Factors considered to be important which could trigger an impairment review include:

- Significant fall in market values;
- Significant changes in foreign exchange rates
- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the use of assets or the overall business strategy; and
- Significant negative industry or economic trends.

An assessment is made based on the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. When such amounts are less than the carrying amount of the asset, a write down to the estimated recoverable amount is recorded.

Net realisable value 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.

Taxation

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Rehabilitation provision

Provision is made for mine rehabilitation obligations when the related environmental disturbance takes place. Provisions are recognised at the net present value of future expected costs.

Significant judgement is required in determining the provision for rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such difference will impact the mine rehabilitation provision in the period in which they change or become known.

Open pit overburden removal costs during the development phase

The Group assesses its expensing of overburden removal mining costs during the development phase of the mine using assumptions concerning the estimated useful life of the open pit mine, together with an estimate of the contained ore and waste that will ultimately be mined. To the extent that an open pit mine is judged to be mined to completion within twelve months of balance date, the net amount of deferred overburden removal costs are classified as current in the statement of financial position.

Units of production method of depreciation and amortisation

The Group applies the unit of production method for depreciation of its mine assets based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the assets to be depreciated under this method. Factors that must be considered in determining reserves and resources and production capacity are the Group's history of converting resources to reserves and the relevant time frames, and markets and future developments.

When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets. It is impracticable to quantify the effect of changes in these estimates and assumptions in future periods.

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 summarised 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 materialise 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. Other operations consist of iron ore projects, nickel operations (which have been put on care and maintenance), administration and corporate head office functions.

The segment information provided for the three month periods ended 31 March 2013 and 2012 is as follows:

31 March 2013 **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Revenue from external customers	140.7	26.0	-	166.7
Cost of goods sold	(74.3)	(20.9)	(1.2)	(96.4)
Gross profit	66.4	5.1	(1.2)	70.3
Adjusted EBITDA	60.3	2.8	(7.9)	55.2
Depreciation and amortisation	(16.9)	(4.3)	(0.7)	(21.9)
Net foreign exchange (loss) / gain /	-	(0.1)	0.3	0.2
Finance income	-	-	1.0	1.0
Finance expense	(0.8)	-	(8.9)	(9.7)
Share of losses of associates	-	-	-	-
Profit / (loss) before tax	42.6	(1.6)	(16.2)	24.8
Income tax expense				(1.2)
Profit for the period				23.6

31 March 2013 **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Total assets	616.6	7.3	286.3	910.2
Total liabilities	(161.5)	(0.3)	(412.2)	(574.0)

31 March 2012 *(restated - note 2a)* **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Revenue from external customers	82.8	15.2	-	98.0
Cost of goods sold	(57.4)	(13.7)	(0.5)	(71.6)
Gross profit	25.4	1.5	(0.5)	26.4
Adjusted EBITDA	17.2	(0.6)	(6.4)	10.2
Depreciation and amortisation	(17.8)	(4.0)	(0.1)	(21.9)
Net foreign exchange gain / (loss)	1.4	0.3	(0.6)	1.1
Non-cash inventory NRV write-back	6.1	0.5	-	6.6
Finance income	-	-	2.1	2.1
Finance expense	(0.6)	-	(9.4)	(10.0)
Share of losses of associates	-	-	(0.2)	(0.2)
Profit / (loss) before tax	6.3	(3.8)	(14.6)	(12.1)
Income tax expense				(1.9)
Loss for the period				(14.0)

31 December 2012 *(restated - note 2a)* **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Total assets	599.7	35.6	247.5	882.8
Total liabilities	(182.6)	(20.6)	(372.9)	(576.1)

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

$m	Three months ended 31 March 2013	2012 *(restated - note 2a)*
Adjusted EBITDA	55.2	10.2
Depreciation and amortisation	(21.9)	(21.9)
Net foreign exchange gain	0.2	1.1
Non-cash inventory NRV write-back / (down)	-	6.6
Net financing costs	(8.7)	(7.9)
Share of loss of associates	-	(0.2)
Profit / (loss) before tax	24.8	(12.1)

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss, non-cash inventory write-downs and exceptional items.

The amounts provided to management with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

7. Revenue

Revenue by geographic destination was as follows:

$m	Three months ended 31 March 2013	2012
China	142.5	94.1
India	11.2	1.3
USA*	5.3	-
Ukraine*	3.9	-
Other	3.8	2.6
Total revenue by geographic destination	166.7	98.0

*Sales to related parties – see note 12

8. Cost of sales

$m	Three months ended 31 March 2013	2012 *(restated-note 2a)*
Mining and production expenses - other	62.7	81.0
Depreciation and amortisation	21.9	21.9
Royalties and other taxes	10.4	6.1
Mining and production expenses - deferred stripping	(0.8)	(7.7)
Non-cash inventory NRV (write-back) / down	-	(6.6)
Net movement in inventories	2.2	(23.1)
Total cost of sales	96.4	71.6

9. Cash and cash equivalents

$m	As at 31 March 2013	As at 31 December 2012
Cash at bank and in hand	78.6	42.1
Short-term bank deposits	44.5	44.2
Cash and cash equivalents at the end of the period	123.1	86.3
Less: bank overdrafts	(13.0)	(12.4)
Net cash and cash equivalents per the cash flow statement	110.1	73.9

10. Borrowings

$m	31 March 2013	31 December 2012
Current		
Bank overdrafts	13.0	12.4
Finance lease liabilities – hire purchase loans	5.5	5.2
	18.5	17.6
Non-current		
Senior secured high yield notes	340.4	354.6
Finance lease liabilities – hire purchase loans	13.2	13.4
	353.6	368.0
Total borrowings	372.1	385.6

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 existing and future indebtedness that is not subordinated in right of payment of the notes.

The senior secured notes are stated net of repurchases, unamortised discount of $1.2 million and unamortised issue costs of $8.6 million. Unamortised discount and issue costs are charged 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 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:

$m	31 March 2013	31 December 2012
Interest free and repayable on demand	-	-
6 months or less	-	12.4
6 - 12 months	13.0	-
1 - 5 years	-	-
Over 5 years	-	-
	13.0	12.4
Borrowings not exposed to changes in interest rates	359.1	373.2
	372.1	385.6

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

$m	31 March 2013	31 December 2012
US dollar	369.1	382.7
Australian dollar	3.0	2.9
	372.1	385.6

11. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2012 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 2013.

$m	Sales to related parties	Purchases from related parties	Finance income from related parties	Finance costs to related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
3 months to 31 March 2013	9.2	-	-	-		
3 months to 31 March 2012	-	-	-	-		
At 31 March 2013					2.8	-
At 31 December 2012					21.7	-
Banks related to the ultimate shareholder						
3 months to 31 March 2013	-	-	0.2	-		
3 months to 31 March 2012	-	-	0.3	-		
At 31 March 2013					-	-
At 31 December 2012					-	-
Other companies related to the ultimate shareholder						
3 months to 31 March 2013	-	0.6	-	-		
3 months to 31 March 2012	-	0.9	-	-		
At 31 March 2013					-	0.6
At 31 December 2012					-	0.7

Finance companies related to the ultimate shareholder

As at 31 March 2013, 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 (Cyprus), which the ultimate shareholder has a minority interest in. As at 31 March 2013, $6.4 million was held in current accounts with the bank (31 December 2012: $6.4 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 tonne 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 deoxidisation and desulphurisation. 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 tonne 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.