Consolidated Minerals Limited
March 2012

Financial Results for the three months to 31 March 2012

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

Report for the First Quarter ending 31 March 2012

30 May 2012

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 2012.

Key highlights

- Manganese sales tonnes were down 27% in Q1 2012, compared to Q1 2011. The decrease in sales is due to the impact of cyclones in Australia delaying haulage of ore to the port and shipments, and a slower Chinese EMM sector during the quarter. The Company expects that the Q1 2012 shortfall will be made up during the year.
- Average manganese sales prices achieved fell from $5.33 in Q1 2011 to $3.95 in Q1 2012. The weakness in prices was largely a reflection of concerns over Chinese steel production being affected by the Eurozone debt crisis combined with Chinese port stock levels. However, post the end of the quarter, improved Chinese steel sentiment combined with a continuing drawdown of Chinese port stocks' (now 2.8 million tonnes versus the 4 million tonnes peak of 2011) has resulted in the benchmark price increasing by 5% for May shipments and a further 3% for June shipments to US$5.15/dmtu for manganese lump CIF China 45.5% grade material.
- In line with the mine plans, Australian production increased 14% and Ghana production decreased 19% in Q1 2012 compared to Q1 2011. Overall, total manganese tonnes produced in Q1 2012 were 6% lower compared to Q1 2011.
- Manganese C1 cash costs in Q1 2012 were down 7% to $ 3.27/dmtu, compared to Q1 2011. After normalising for the strengthening of the Australian dollar C1 cash costs were down 10% to $3.16/dmtu. C1 cash costs also improved compared to Q4 2011 and were 12% lower than FY2011.
- Consmin continues to focus on safety and although there was a Lost Time Incident ('LTI') at Woodie Woodie during the quarter, there were no reported LTIs at either Coobina or Ghana.

Key Performance Indicators

	Quarter ended		
Unaudited	**31 March 2012**	**31 March 2011**	**% change**
Manganese ore produced (dry kt)	756.1	802.6	(5.8%)
Manganese ore sales (dry kt)	580.5	799.4	(27.4%)
Average C1 manganese unit cash cost ($/dmtu)[1]	3.27	3.51	(6.8%)
Average C1 manganese unit cash cost restated to average Q1 2011 FX rate ($/dmtu)[1]	3.16	3.51	(10.0%)
Average manganese FOB Sales price ($/dmtu)	3.95	5.33	(25.9%)
Chromite ore produced (kt)	111.6	55.4	101.4%
Chromite sales (kt)	75.5	46.6	62.0%
Average C1 chromite unit cash cost ($/t)[1]	192	280	(31.4%)
Average chromite FOB sales price ($/t)	201	303	(33.7%)
Revenue ($ million)	98.0	171.4	(42.8%)
Adjusted EBITDA ($ million)[2]	4.7	59.1	(92.0%)
'Cash' EBITDA ($ million)[3]	(20.6)	42.7	(148.2%)
(Loss) /profit for the year	(11.5)	22.0	(152.3%)

Unaudited	**Quarter ended 31 March 2012**	**Year ended 31 December 2011**	**% change**
Cash and cash equivalents ($ million)	145.4	155.2	(6.3%)
Gross debt ($ million)	(409.9)	(417.4)	(1.8%)
Gross debt excluding high yield bonds ($ million)	(48.6)	(44.0)	10.5%
Net debt/(cash) ($ million)	(264.5)	(262.2)	0.9%

[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 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. The Directors use this measure as an indicator of our representative, recurring operations and to reflect how the business is managed and measured. 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.

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

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

"In what was a difficult first quarter, Consmin once again produced a strong operational performance with consistent volumes of manganese ore produced and a doubling in the volume of chromite ore produced compared to the same quarter of the previous year.

Sales volumes were weaker in the quarter due to the impact of the cyclones in Australia delaying shipments, and a slower Chinese EMM sector. As a result of a combination of this and the lower sales prices for manganese and chromite ore, revenues fell compared to the prior quarter. The Group is confident that it will recover the sales volume shortfall in the remainder of the year. Post the end of the quarter, improved Chinese steel sentiment combined with Chinese port stocks' continuing to be drawn down has resulted with the benchmark price increasing by 5% for May shipments and a further 3% for June shipments.

Manganese C1 cash costs continued to reduce as a result of the successful implementation of cost reduction initiatives.

The Company is delighted to announce the senior appointments of Paul Muller and Malcolm McComas. Paul Muller joins us as Managing Director for the Australian Operations. He has a strong mining operations background, having held executive roles within mining organisations including Leighton Contractors and most recently BHP Billiton Iron Ore. Paul has recent relevant experience with transitioning from contract mining to owner-operator. Malcolm joins the Board as Senior Independent Director. Malcolm has more than 25 years of investment banking experience including leadership roles in several global financial institutions with experience in equity and debt finance, acquisitions, divestments and privatisations across a range of industry sectors."

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
Paul Muller, Managing Director, Australia
Jurgen Eijgendaal, Managing Director, Ghana

Conference Call

There will be a conference call for analysts and bondholders on 30 May 2012 at 4pm BST (British Summer Time).

To access the quarterly results conference call, you must first register in advance on:
http://emea.directeventreg.com/registration/event/77633617

The quarterly results conference call, conference ID 77633617, 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.

Marketing Review

Manganese Segment

Improved Chinese steel sentiment combined with Chinese port stocks' continuing to be drawn down (now 2.8 million tonnes versus the 4 million tonnes peak of 2011) has resulted in the benchmark price increasing by 5% for May shipments and a further 3% for June shipments to US$5.15/dmtu for manganese lump CIF China 45.5% grade material.

Global and Chinese steel production for Q1 2012 was steady at 376 million tonnes and 174 million tonnes respectively. Chinese steel production data for April and early May shows significant increased production and it appears Chinese steel production is set to surpass 700 million tonnes in 2012.

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 the Australian and Ghanaian operations. Consequently, demand for Consmin ores remains strong and the prices achieved are consistently higher than on the basis of manganese content alone. Prices for May and June shipments from Consmin Australia have increased beyond the reference price with Australian lump 46% grade material selling at US$5.30 and US$5.50/dmtu CIF China respectively.

The Company shipped 581kt of ore during the quarter compared to 799kt of ore during the same quarter in 2011 - a decrease of 27% year on year. The variance is principally due to timing issues caused by the impact of cyclones in Australia and a slower EMM sector in China during the quarter. Both operations had vessels waiting to be loaded at the end of the quarter with the vessels sailing in early April. With these shipments included the variance between Q1 2012 and Q1 2011 would have been only 13%. The Company expects that the Q1 2012 shortfall will be made up during the year.

The benchmark price for manganese lump CIF China decreased 14% for deliveries in January 2012 to US$4.75 for 45.5% product and remained at this level for the quarter. The weakness in prices was largely a reflection of concerns over Chinese steel production being affected by the Eurozone debt crisis during the fourth quarter of 2011 combined with Chinese port stock levels.

China imported 13 million tonnes of manganese ore in 2011, an increase of 12% compared to 2010. Imports during the first quarter 2012 equalled 2.9 million tonnes, representing a 4% decrease compared to the first quarter of 2011.

Manganese Use

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.

The carbon steel industry accounts for approximately 90% of end user demand for manganese, which is a non-substitutable additive, used as both a deoxidising and desulphurising agent. 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 manganese 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.

Whilst robust demand for oxide ore from Chinese alloy producers has been apparent for over a decade, demand for carbonate manganese ore is relatively new, as Chinese stainless steel production compound annual growth rate (CAGR) for the period 2007 to 2011 reached 15%. During the same period, the proportion of 200 series stainless steel relative to total stainless steel production grew from 16% to approximately 20% according to industry sources. This growth appears to have driven the over exploitation of Chinese domestic high grade carbonate ore mineral inventories which continue to show evidence of decline, leading EMM producers to seek alternative sources of supply such as that produced from Ghana.

Chromite Segment

Shipments of chromite ore totalled 75.5kt for the quarter; an increase of 62% compared to the first quarter of 2011. Chrome ore prices have come under pressure due to additional ore sold into the Chinese market from South Africa, which is exporting higher levels of chrome ore rather than producing ferro chrome due to power shortages.

Chromite Use

As with manganese ore, the demand for chromite ore is primarily driven by China, which is heavily dependent on imported chromite ore as feed for the production of ferrochrome, which is a key input of stainless steel.

Global stainless steel production increased 6% year on year to 33.6 million tonnes in 2011 with China producing 14.3 million tonnes of stainless steel, up 17% year on year. Chinese stainless steel production rose 11.6% year on year in the first quarter of 2012 to 3.433mt.

Operational Review

Manganese Segment

Summary Overview (Unaudited)	Quarter ended 31 March 2012	31 March 2011	% change
Total mined (kBCM)	4,990	6,279	(20.5%)
Manganese ore produced (dry kt)	756.1	802.6	(5.8%)
Australia	*364.7*	*320.6*	*13.8%*
Ghana[1]	*391.4*	*482.0*	*(18.8%)*
Manganese ore produced (mdmtu)	27.2	27.8	(2.2%)
Australia	*16.1*	*14.1*	*14.2%*
Ghana	*11.1*	*13.7*	*(19.0%)*
Manganese ore sales (dry kt)	580.5	799.4	(27.4%)
Australia	*273.7*	*300.5*	*(8.9%)*
Ghana	*306.8*	*498.9*	*(38.5%)*
Manganese ore sales (mdmtu)	21.0	28.5	(26.3%)
Australia	*12.2*	*14.2*	*(14.1%)*
Ghana	*8.8*	*14.3*	*(38.5%)*
Total capex ($ million)	3.9	13.4	(70.9%)
Average unit cash cost ($/dmtu)	3.27	3.51	(6.8%)
Average unit cash cost restated to average 2011 FX rate ($/dmtu)	3.16	3.51	(10.0%)

Australia: Woodie Woodie

Overview

The Woodie Woodie tenements comprise approximately 5,500km2 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 100km2 (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 Company owned dedicated all-weather airstrip, allowing for air travel time of less than two hours from Perth. The manganese ore produced at Woodie Woodie is in high demand due to its high manganese and low phosphorous content and excellent manganese to iron ratios, making it well-suited for blending with the lower grade domestic ores of China and Ukraine. The attractive characteristics of the Company's Australian high grade manganese ore generally attract a premium over prevailing market prices.

Safety

Although the overall safety performance continues to improve, a low severity Lost Time Injury was suffered. Whilst the Lost Time Injury Frequency Rate of 0.87 compares favourably to the industry standard of 3.10, the business continues to strive to reduce the incidence of injury and illness.

Production

Production at the Woodie Woodie mine site increased by 14% to 364.7kt of manganese ore produced in Q1 2012, compared to Q1 2011. The majority of the ore produced came from Rhodes, Greensnake, Demon, Big Mac and the Sardine complex of pits. Production in Q1 2012 has benefitted from improved yields through the plant, as a result of the efficiency programmes and de-bottlenecking undertaken throughout 2011.

Total material mined reduced by approximately 32% on Q1 2011 to 2,700k BCM. This fall was in line with the revised mine plan which identified the ability to transition to 100% owned and operated mining fleet whilst, concurrently reducing the overall mining fleet requirements through optimisation of the mine plan. This transition has seen the total number of mining fleets fall from 6 in Q1 2011 to 4 in Q1 2012. Although the fall in total movement was anticipated, it was approximately 10% greater than expected due to both Tropical Cyclone Lua in March and an unseasonal amount of electrical storms that resulted in a combined loss of 8 days mining during the quarter.

Development of the Greensnake pit continues at a rate consistent with the mine plan and ore delivery from stages three and four remains on track for the first half of 2013. The Greensnake pit will underpin 2013 and 2014 operations and provides significant ability to remain flexible when responding to changes in customer requirements and demands.

Capex

A total of $1.1 million was spent on property, plant and equipment ('PP&E') at Woodie Woodie during the quarter. The key capital items were the scheduled replacement of a major component in the processing plant, the planned refurbishment of the weighbridge and the continued development of the Waterwall project that is aimed at optimising the dewatering strategy for the mine.

Owner Operator Update

Demobilisation of the contractor mining fleets and personnel continued throughout the quarter. By the end of May 2012, the final contractor mining fleet was demobilised ahead of schedule, enabling further savings.

The tender and award process for the hire of ancillary mining equipment was completed, with the first tranche of ancillary equipment mobilised, including bulldozers, graders and mobile maintenance equipment.

The owner operator project is progressing well and remains on time and within budget.

Exploration and Resource Development

Exploration drilling is suspended in Q1 each year; Q1 is typically the main cyclone / rainy season and leads to flooding of the Oakover and Davis rivers. This flooding prevents safe and continual access and egress for both equipment and personnel during the season. During this period, regional exploration has focused on interpreting and documenting exploration activity results from the previous drilling season as well as planning for recommencement of drilling from Q2-Q4 2012.

With the suspension of exploration in the Woodie Woodie Corridor the Resource development team were able to utilise spare drill rig capacity and drilled approximately 15,000 m in developing the Airport and Extension Cord resources, the results of this drilling are currently under interpretation and are expected to increase the size of the current resources.

Ghana: Ghana Manganese Company Limited ('GMC')

Overview

The GMC mine, also known as the Nsuta mine, comprises approximately 175km2 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 2012.

Production

Production during the quarter concentrated on waste stripping in line with the current mine plan to facilitate development. This waste stripping led to a decrease in production of approximately 19% to 391.4kt of manganese ore compared to the same period in 2011.

Capex

GMC spent $2.8 million on property, plant and equipment ('PP&E') during the quarter. The majority of the capex was targeted at the purchase of new mobile plant and critical spares and components for the mobile and fixed plant.

Exploration

Drilling focused on the continued resource development of Pit C and exploration in the Pit A Area. Drilling in Pit C saw successful results returned including, 62m at 26% Mn and 27m at 29% Mn. The drilling in Pit A was the first for 17 years and confirms the Company's commitment to further increasing the resource base at Nsuta. The initial drilling results were highly positive including 77m at 30% Mn, 108m at 27% Mn, 72m at 27% Mn and 90m at 26% Mn.

Projects

GMC initiated a study to investigate the further upgrade of the loading facilities at Takoradi Port by investigating the offshore transhipment options for loading manganese ore. The first feasibility study for this is expected to be completed later in the year. In addition, GMC is in consultation with the Ghana Port and Harbour Authorities (GPHA) on the possible execution of the Master Plan for Takoradi Port.

Chromite Segment

Summary Overview	Quarter Ended 31 March 2012	31 March 2011	% change
Chromite ore produced (dry kt)	111.6	55.4	101.4%
Chromite ore sales (dry kt)	75.5	46.6	62.0%
Average C1 chromite unit cash cost ($/dry t)	192	280	(31.4%)
Average FOB sales price ($/dry t)	201	303	(33.7%)

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. 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. Following a positive feasibility analysis and extremely positive drilling results confirming the structural geology of the Coobina region in early 2010, the mine recommenced full production in August 2010. 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 excellent safety record at Coobina continues with the milestone of 5 years LTI free achieved during the quarter.

Production

Coobina consists of several small open pit chromite mines located on a hill. Ore mining activity during the quarter was focussed on the Newlands, Falcon and Frights pits with production totalling 111.6kt of Chromite ore during the quarter. This production represents a two fold increase in production on Q1 2011 when the operation was coming out of a period of care and maintenance. Production was slightly ahead of the mine plan due to processing improvements made during the quarter. Tropical Cyclone Lua also impacted Coobina with approximately 3 days production lost.

Capex

Total spend on property, plant and equipment ('PP&E') capex was $0.4 million for the quarter, with the majority being spent on the installation of a new wash pad facility and the trialling of new energy efficient lighting. The trialling of this lighting confirms the company's commitment to reducing its carbon footprint.

Exploration

During this period, exploration has focused on interpreting and documenting exploration activity results from the previous drilling campaign and planning for potential targets and programmes later in the year.

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 2012.

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 2012, the Company's holding in BC Iron had decreased to 23.9%, from 24.8% at the end of 2011, due to shares being issued on conversion of options, partially offset by additional share purchases. The market value of the Company's holding in BC Iron at 31 March 2012 was US$76.8 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 2012, the Company's holding in OM Holdings had decreased to 9.7%, from 11.7% at the end of 2011, due to dilution through significant share issues. The market value of the Company's holding in OM Holdings as at 31 March 2012 was US$27.1 million.

Sustainable Development

Consmin adopts a proactive approach toward sustainability and views it as a vital component of our corporate strategy. We strive to create a safe and healthy workplace recognising our obligation to all stakeholders, the wider community and environment. Consmin 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.

The company continues to seek opportunities to minimise our environmental impact and seek to provide benefits for our key stakeholders and affected communities. The Australian Federal Parliament passed legislation in 2011 that introduces a charge on carbon emissions, effective from 1 July 2012 and from 1 July 2014, a reduction in the diesel fuel rebate currently available to the Company for its road haulage operations. In order to offset the implications of these measures the Company continues to proactively work on initiatives to reduce its carbon footprint, including the trial farming of agricultural products for the production of bio-fuels and the deployment of light weight dump truck trays which increase payload, reduce fuel consumption and increase haulage efficiency.

The well-being of our employees remains our highest priority and the Company remains committed to providing a safe environment for all employees and contractors. The Company has made significant achievements in relation to safety with neither our Ghanaian nor Chromite operations recording any lost time injuries and Woodie Woodie achieving an LTI rate significantly below the industry average.

The Ghana Manganese Company is actively committed to the development of local communities to support the future business and reduce reliance on third parties. The year saw the completion of a four room school house built by GMC and over 500 members of local communities supported through secondary and tertiary education by way of GMC sponsored bursaries and scholarships.

People

In May 2012 Paul Muller was appointed as Managing Director Australia. Paul has a strong mining operations background, having held executive roles within mining organisations including Leighton Contractors and most recently BHP Billiton Iron Ore. Paul has recent relevant experience with transitioning from contract mining to owner-operator.

The operational management decisions of the Group are made by the Group Executive Committee ('GEC') under its delegation from the Board. The GEC members are Peter Allen (Managing Director: Marketing), Jackie Callaway (CFO), Jurgen Eijgendaal (Managing Director: Ghana), Paul Muller (Managing Director: Australia) and Oleg Sheyko (CEO of Metals Solutions Limited). The Group's head office remains in Jersey.

The Company is delighted to announce the appointment of Malcolm McComas to the Board as Senior Independent Director. Malcolm McComas has more than 25 years of investment banking experience including leadership roles in several global financial institutions with experience in equity and debt finance, acquisitions, divestments and privatisations across a range of industry sectors. He is also a former commercial lawyer. Mr McComas is the principal of McComas Capital, an investment company based in Sydney. Most recently, he was a senior advisor and director of Grant Samuel for 11 years. Prior to that he was Managing Director of Investment Banking at County NatWest and its successor organisation, Salomon Smith Barney (now Citigroup) for 10 years and also spent 5 years in various executive roles with Morgan Grenfell (now Deutsche Bank) in Melbourne, Sydney and London.

Financial Review

Unaudited Condensed Consolidated Statement of Comprehensive Income

$m	3 Months Ended 31 Mar 12	31 Mar 11
Revenue	98.0	171.4
Cost of sales	(69.1)	(130.0)
Gross profit	28.9	41.4
Selling and distribution costs	(23.0)	(20.8)
General and administrative costs	(9.7)	(11.0)
Other operating income – net	1.2	1.0
Net foreign exchange gain	1.1	0.9
Operating (loss) / profit	(1.5)	11.5
Presented as:		
Adjusted EBITDA	**4.7**	**59.1**
Depreciation and amortisation	(13.9)	(31.6)
Net foreign exchange gain	1.1	0.9
Non-cash inventory NRV write back / (down)	6.6	(16.9)
Operating (loss) / profit	(1.5)	11.5
Net financing costs	(7.9)	(1.2)
Share of losses of associated undertakings	(0.2)	(0.3)
(Loss) / profit before tax	(9.6)	10.0
Taxation	(1.9)	12.0
(Loss) / profit for the period	(11.5)	22.0

Unaudited Condensed Segment Information

31 March 2012 – $m	Manganese	Chromite	Other	Total
Revenue	82.8	15.2	-	98.0
Cost of sales	(54.9)	(13.7)	(0.5)	(69.1)
Gross profit	27.9	1.5	(0.5)	28.9

31 March 2011 – $m	Manganese	Chromite	Other	Total
Revenue	151.6	14.1	5.7	171.4
Cost of sales	(108.0)	(16.3)	(5.7)	(130.0)
Gross profit	43.6	(2.2)	-	41.4

Revenue

The consolidated revenue for the Group decreased by 43% from $171 million in Q1 2011 to $98 million in Q1 2012 as a result of lower manganese revenues due to the combination of lower volumes and reduced prices.

Lower sales volumes were attributable to both a slower EMM sector in China during the quarter and adverse weather conditions in Australia with cyclones closing the port and the access road for a number of days during January and again towards the end of March. Both the Ghanaian and Australian operations had vessels waiting to be loaded at the end of the quarter. The vessels sailed in early April. Despite the difficult start to the year the Company expects that the Q1 sales volume shortfall will be recovered during the remainder of the year.

The average price of our manganese ore sold in Q1 2012 was $3.95/dmtu FOB, compared to $5.33/dmtu FOB in Q1 2011, a decrease of 26% reflecting the fact that benchmark manganese lump CIF China 45.5% grade material price fell by 28% over the same period. Although prices have remained flat during Q1 2012 following the fall in the benchmark price in January 2012 to US$4.75, they have recently started to recover with the benchmark price increasing by 5% for May shipments and a further 3% for June shipments to US$5.15/dmtu.

Revenue from sales of chromite ore increased from $14 million in Q1 2011 to $15 million in Q1 2012, an increase of 8%, as a result of a 62% increase in volumes sold offset by a decrease in sales price of 34%. The increase in sales volume is driven by the return to full production after the mine being on care and maintenance.

The nickel operations remained on care and maintenance during Q1 2012 and no revenue was recognised. No alloy trading took place in Q1 2012 as the Group ceased these operations during 2011.

Cost of Sales

The cost of sales for the Group decreased from $130.0 million in Q1 2011 to $69.1 million in Q1 2012, a decrease of 47%. An analysis of the cost of sales is as follows:

$m		Year Ended	
	31 Mar 2012	**31 Mar 2011**	**Movement**
Manganese	54.9	108.0	(49.2%)
Chromite	13.7	16.3	(16.0%)
Other	0.5	5.7	(91.2%)
Total	69.1	130.0	**(46.8%)**

Manganese

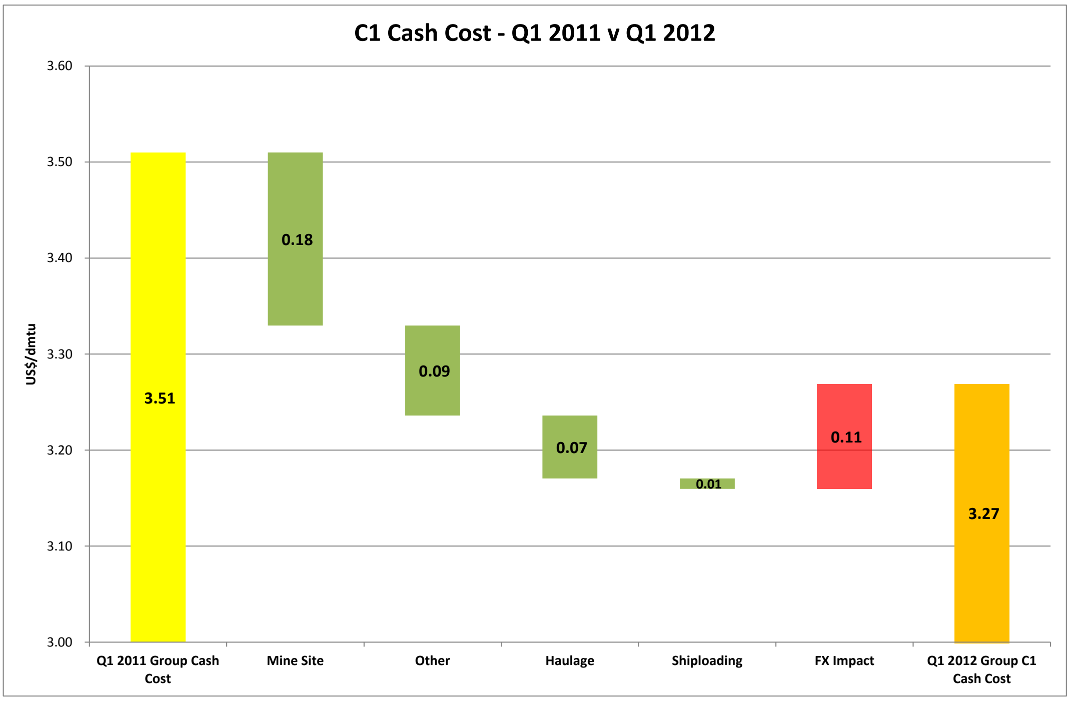
A breakdown of the manganese cost of sales is as follows:

$m		Year Ended	
	31 Mar 2012	**31 Mar 2011**	**Movement**
Mining and production expenses	65.3	69.1	(5.5%)
Depreciation and amortisation	9.8	28.8	(66.0%)
Royalties and other taxes	5.3	9.2	(42.4%)
Deferred stripping	(2.2)	(1.7)	29.4%
Inventory NRV write(back) / down	(6.1)	12.3	(149.6%)
Net movement in inventories	(17.2)	(10.2)	68.6%
Other	-	0.5	(100.0%)
Total	**54.9**	**108.0**	**(49.2%)**

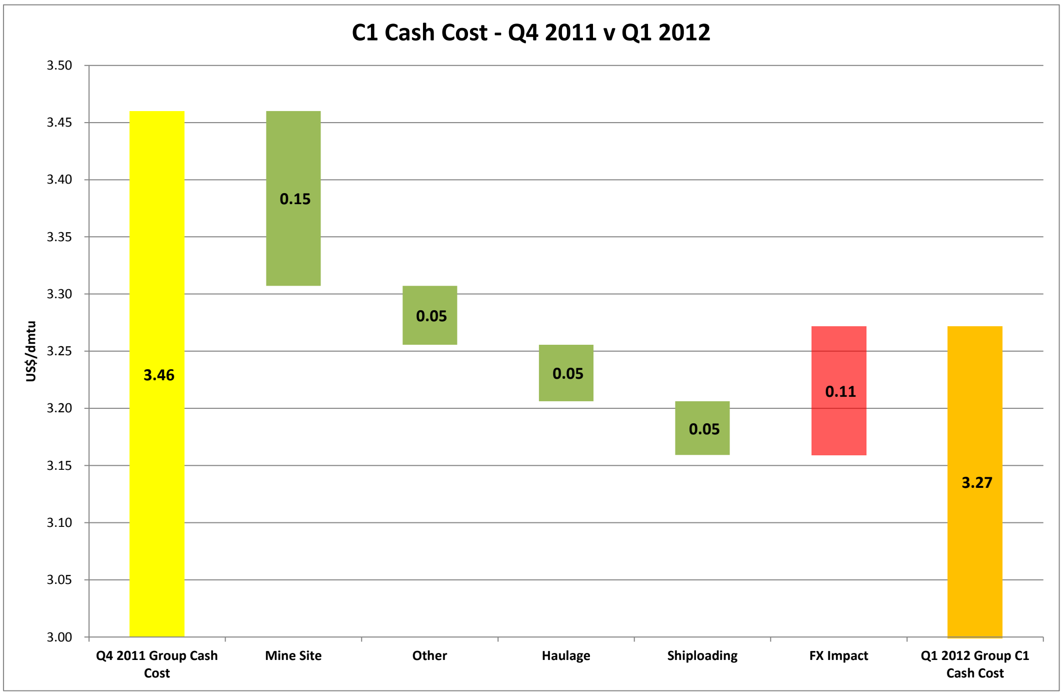
The principal movements in manganese cost of sales are as follows:

- A reduction in the depreciation and amortisation charge of $19 million due primarily to the significant impairment of non-current assets in the last quarter of 2011 which has reduced the remaining carrying value to be depreciated and amortised.
- A net reduction of $18m in the valuation of inventory, moving from a NRV write off in Q1 2011 to a NRV write back in Q1 2012. The 2011 write down was as the result of the reduced manganese sales prices, with the write back in 2012 following recent pricing recovery.
- The benefit of the larger credit in relation to movement in inventories was as a result of the increase of product stocks at the end of the quarter as a result of delayed shipment from the end of March to early April 2012.
- A reduction in royalties of $4 million is as a result of the lower revenues earned in the quarter.
- The net reduction in mining costs of $4 million represents savings as a result of lower total BCM movements and initiatives undertaken in load & haul (the reduction of excavator fleet numbers in the quarter from five to four and drill & blast costs) offset by a $2 million increase in costs as a result of the strengthening of the Australian dollar.

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 $3.51/dmtu for Q1 2011 to $3.27/dmtu for Q1 2012 – as the graph below shows there was a decrease in the underlying mining site, haulage and other expenses offset by the foreign exchange impact of the strengthening of the Australian dollar. As previously noted, the savings in mine site costs per unit are as a result of the initiatives undertaken in load & haul and drill and blast. Haulage unit costs are lower as a result of decreases in haulage and shiploading volumes over production. The reductions in other costs are due to savings in royalties (as a result of lower sales) and lower corporate costs.



The graph below shows the continued progression in the reduction of C1 cash cost when compared to the previous quarter. The C1 cash cost has decreased from $3.46/dmtu for Q4 2011 to $3.27/dmtu for Q1 2012 as a result of the continued successful implementation of efficiency programmes as noted above, offset by the foreign exchange impact of the strengthening of the Australian dollar.



Chromite

Cost of sales for the chromite segment decreased by $2 million from $16 million in Q1 2011 to $14 million in Q1 2011. The decrease was driven by an increase in stocks at the end of Q1 offset by increases in mining and haulage costs linked to increased production and sales.

Gross Profit

Gross profit for the Group has decreased by 30%, from $41.4 million in Q1 2011 to $28.9 million in Q1 2012 primarily driven by the lower sales volumes and lower average manganese and chromite ore prices. Despite the absolute reductions in gross profit, the gross profit as a percentage of revenue has increased from 24% in Q1 2011 to 29% in Q1 2012 reflecting the impact of the improvements seen in the Manganese C1 cash costs and the return to profitability of the Chromite business due to the impact of process improvements versus Q1 2011 when the mine was still ramping up production.

Gross profit for the manganese segment decreased by 36% from $43.6 million in Q1 2011 to $27.9 million in Q1 2012. This has been mainly driven by the 27% reduction in sales volumes and the 26% decline in the average sales price for the quarter compared to the prior year. The Company expects that the Q1 sales volume shortfall will be recovered during the remainder of the year.

Gross profit for the chromite segment increased from a $2.2 million loss in Q1 2011 to a gross profit of $1.5 million in Q1 2012. This increase was predominantly due to a combination of increased revenues combined with decreases in cost of sales as a result of the increase in volumes driven by the return to full production after the mine being on care and maintenance. Gross profit was however also impacted by the decrease in the sales price to $201/tonne in Q1 2012 from $303/tonne in Q1 2011 and the adverse impact of the strengthening of the Australian dollar.

Cash EBITDA

Cash EBITDA is calculated as follows:

$m	Year Ended	
	31 March 2012	31 March 2011
Operating (loss) / profit	**(1.5)**	**11.5**
Depreciation and amortisation	13.9	31.6
Net foreign exchange gain	(1.1)	(0.9)
Non-cash NRV inventory adjustment	(6.6)	16.9
Adjusted EBITDA	**4.7**	**59.1**
Deferred stripping	(2.2)	(1.7)
Net movement in inventories	(23.1)	(14.7)
'Cash' EBITDA	**(20.6)**	**42.7**

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. The negative cash EBITDA for Q1 2012 and the adverse variance to Q1 2011 is driven by the following:

- The reduction in revenue and corresponding $30 million reduction in the gross profit before depreciation and amortisation.
- The movement in the non-cash inventory NRV adjustment of $24 million representing a reversal in Q1 2012 of a portion of the NRV adjustment made in Q4 when compared to the provision made in Q1 2011.
- The increase net movement in inventories of $8 million as a result of stocks building up at the end of Q1 2012 due to the delayed shipments as a result of the adverse weather conditions.

Other Key Items

Selling and distribution expenses increased from $21 million in Q1 2011 to $23 million in Q1 2012 as a result of the foreign exchange impact of the strengthening of the Australian dollar, certain one off costs associated with the catch-up of haulage as a result of adverse weather conditions and an increase in unit rates due to increased cost of fuel.

General and administrative expenses for the group decreased from $11.0 million in Q1 2011 to $9.7 million in Q1 2012. The decrease in general and administrative expenses was primarily due to the abolition of the charges relating to the Government of Ghana's National Fiscal Stabilisation levy and lower corporate costs in Australia.

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 2012 of $1.9 million, compared to an income tax credit of $12.0 million in Q1 2011. The prior year credit was as a result of the recognition of the ability to utilise tax losses primarily arising in the in the Australian manganese operations. The Company has concluded that it is not currently able to utilise these losses in the foreseeable future and as such no credits were recognised in Q1 2012.

Profit for the Period

The Group has recognised a loss for Q1 2012 of $11.5 million compared to a profit of $22.0 million in Q1 2011.

Other Comprehensive (Loss) / Income

The Group recorded other comprehensive income of $14 million in Q1 2012, compared to $13 million in Q1 2011. The income in the period was as a result of a net foreign currency translation gain of $7 million due to the movement in the closing position of the Australian dollar, which increased 5% against the US dollar and a $7 million increase in the value of available-for-sale assets.

Unaudited Condensed Consolidated Statement of Financial Position

	As at	
$'000	**31 March 12**	**31 December 11**
Cash and cash equivalents	145.4	155.2
Other current assets	164.8	168.8
Non-current assets	660.0	642.3
Total assets	970.2	966.3
Current borrowings	(45.8)	(41.3)
Non-current borrowings	(364.1)	(376.1)
Other current liabilities	(96.6)	(89.1)
Other non-current liabilities	(104.1)	(103.2)
Total liabilities	(610.6)	(609.7)
Total equity	359.6	356.6

Cash and Cash Equivalents

Cash and cash equivalents decreased from $155 million on 31 December 2011 to $145 million on 31 March 2012, a decrease of $10 million. This is due to cash flows from operations being offset by capital spend, further investment in associates (BC Iron) and bond buy backs.

Borrowings

Group current borrowings have increased from $41 million on 31 December 2011 to $46 million on 31 March 2012, an increase of $5m offset by a $12 million decrease in non-current borrowings from $376 million on 31 December 2011 to $364 million on 31 March 2012 primarily as a result of bond buy-backs in Q1 2012.

Liquidity

During the previous year the Group generated a positive $97 million inflow from operations, which together with the proceeds from the bond issue resulted in a strong cash position at 31 December 2011. As a result of the bond issue, total borrowings increased in the prior year to $417 million, however the majority of this debt has a longer maturity (due 2016) with only $46 million falling due within the next 12 months at the end of Q1 2012.

Although manganese prices have been impacted, the Group is forecasting to continue to generate positive operating cash flows going forward. The liquidity position of the Group is further supported by circa $85 million of the marketable securities held (at 29th May 2012) that could be converted to cash if such a need arose.

The Group had a total credit limit of $90 million with undrawn banking facilities totalling $42 million available at the end of Q1 2012. Of this credit limit $30 million relates to Ghana of which $20 million remained available.

As noted in the 2011 financial results for the year, subsequent to the year end the Group took the decision to repay its Australian working capital facilities. These facilities were repaid on 29 May 2012, with the total amount repaid being $40 million. This decision has been made as part of the Group's capital management process and to lower the overall cost of financing in 2012 and beyond.

The Group has now completed negotiations with Caterpillar Financial Australia for up to $20 million equipment financing. Binding agreements are expected to be in place by the end of Q2, which is prior to the delivery of the owner operator equipment for Woodie Woodie.

Guarantor Group

During the three months ended 31 March 2012, the Guarantors represented 79.4% (31 March 2011: 80.9%) of our consolidated revenues and -37.8% (31 March 2011: 76.5%) of our consolidated EBITDA. As of 31 March 2012, the Guarantors represented 83.5% of our consolidated total assets (31 March 2011: 91.0%). As of 31 March 2012, the non-guarantor subsidiaries have $9.7 million (31 March 2011: $13.8 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

	3 months ended	
$'000	**31 March 12**	**31 March 11**
Cash inflow from operating activities	13.0	40.6
Cash outflow from investing activities	(14.3)	(13.9)
Cash (outflow) / inflow from financing activities	(11.2)	1.6
(Decrease) / increase in cash and cash equivalents	(12.5)	28.3
Cash and cash equivalents at the start of the period	138.1	62.1
Exchange losses on cash and cash equivalents	(1.4)	(0.7)
Cash and cash equivalents at the end of the period	124.2	**89.7**

Cash Flows

Net cash generated from operating activities amounted to $13 million in Q1 2012 compared to $41 million in Q1 2011, a decrease of $28 million. This reduction in operating cash flow was driven by the lower revenues of the business in Q1 2012 mitigated by improvements in working capital. The net cash outflow from investing activities was $14 million in Q1 2012 (consistent with the cash out flow in Q1 2011). The net cash outflow from financing activities was $11 million in Q1 2012 compared to a net cash inflow of $1.6 million in Q1 2011, with increased outflow due to the repurchase of bonds.

Overall, despite the reduction in sales in Q1 2012, the Group has managed to maintain a strong closing cash position through effective working capital management and cost savings through operational efficiencies. Total cash and cash equivalents decreased from $138 million on 31 December 2011 to $124 million in Q1 2012.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information
For the Three Months Ended 31 March 2012

Unaudited condensed consolidated statement of comprehensive income for three months ended 31 March 2012

		Three months ended 31 March	
$m	**Note**	**2012**	**2011**
Revenue	7	98.0	171.4
Cost of sales	8	(69.1)	(130.0)
Gross profit		28.9	41.4
Selling and distribution costs		(23.0)	(20.8)
General and administrative costs		(9.7)	(11.0)
Other operating income – net		1.2	1.0
Net foreign exchange gain		1.1	0.9
Operating (loss) / profit		(1.5)	11.5
Presented as:			
Adjusted EBITDA		**4.7**	**59.1**
Depreciation and amortisation		(13.9)	(31.6)
Net foreign exchange gain		1.1	0.9
Non-cash inventory NRV write back / (down)		6.6	(16.9)
Operating (loss) / profit		(1.5)	11.5
Financing income		2.1	0.3
Financing costs		(10.0)	(1.5)
Net financing costs		(7.9)	(1.2)
Share of losses of associated undertakings		(0.2)	(0.3)
(Loss) / profit before tax		(9.6)	10.0
Income tax (expense) / credit		(1.9)	12.0
(Loss) / profit for the period		(11.5)	22.0
Other comprehensive income			
Revaluation of available-for-sale financial assets		7.5	1.3
Foreign currency translation differences		7.1	12.4
Income tax charge on other comprehensive income		(0.1)	(0.3)
Other comprehensive income for the year, net of income tax		14.5	13.4
Total comprehensive income for the period		3.0	35.4
(Loss) / profit attributable to:			
Owners of the Company		(11.7)	21.2
Non-controlling interests		0.2	0.8
(Loss) / profit for the period		(11.5)	22.0
Total comprehensive income attributable to:			
Owners of the Company		2.8	34.6
Non-controlling interests		0.2	0.8
Total comprehensive income for the period		3.0	35.4

The notes on pages 21 to 27 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of financial position as at 31 March 2012

$m	Note	As at 31 March 2012	As at 31 December 2011
Non-current assets			
Property, plant and equipment		430.6	430.9
Intangible assets		82.6	77.3
Goodwill		28.9	28.9
Investments in associated undertakings		44.9	40.9
Available-for-sale financial assets		29.3	21.3
Trade and other receivables		0.2	0.4
Deferred tax asset		43.5	42.6
		660.0	**642.3**
Current assets			
Inventories		112.9	81.7
Trade and other receivables		51.9	87.1
Cash and cash equivalents	9	145.4	155.2
		310.2	**324.0**
Current liabilities			
Borrowings	10	(45.8)	(41.3)
Trade and other payables		(87.1)	(81.4)
Provisions		(9.5)	(7.7)
		(142.4)	**(130.4)**
Net current assets		**167.8**	**193.6**
Non-current liabilities			
Borrowings	10	(364.1)	(376.1)
Trade and other payables		(6.6)	(6.4)
Provisions		(50.6)	(49.8)
Deferred tax liabilities		(46.9)	(47.0)
		(468.2)	**(479.3)**
Net assets		**359.6**	**356.6**
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		40.6	26.1
Retained losses		(866.3)	(854.6)
Total equity attributable to equity holders of the parent company		**345.2**	**342.4**
Non-controlling interests		14.4	14.2
Total equity		**359.6**	**356.6**

The notes on pages 21 to 27 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 2012

$m	Share capital	Share premium	Shareholder equity	Reserves	Retained losses	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	-	-	-	-	(11.7)	(11.7)	0.2	(11.5)
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	(866.3)	345.2	14.4	359.6

$m	Share capital	Share premium	Shareholder equity	Reserves	Retained losses	Total	Non-controlling interests	Total
	Attributable to equity shareholders of the parent Company							
Balance at 1 January 2011	10.0	194.7	1,219.0	82.0	(312.0)	1,193.7	13.5	1,207.2
Profit for the period	-	-	-	-	21.2	21.2	0.8	22.0
Revaluation of available-for-sale financial assets	-	-	-	1.3	-	1.3	-	1.3
Foreign currency translation differences	-	-	-	12.4	-	12.4	-	12.4
Income tax on other comprehensive income	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Repayment of shareholder loan treated as equity	-	-	(2.8)	-	-	(2.8)	-	(2.8)
Balance at 31 March 2011	10.0	194.7	1,216.2	95.4	(290.8)	1,225.5	14.3	1,239.8

The notes on pages 21 to 27 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 2012

		Three months ended 31 March	
$m	**Note**	**2012**	**2011**
Cash flow from operating activities			
(Loss)/profit before tax		(9.6)	10.0
Adjustments to add / (deduct) non-cash items:			
Depreciation and amortisation		13.9	31.6
Deferred stripping		(2.2)	(1.7)
Non-cash inventory NRV write-back /(write-down)		(6.6)	16.9
Gain on sale of fixed assets		(0.3)	-
Share of loss of associated undertakings		0.2	0.3
Net foreign exchange gain		(1.1)	(0.9)
Net financing costs		7.9	1.2
Working capital adjustments:			
Increase in inventories		(24.2)	(20.2)
Decrease in receivables		36.3	4.5
Increase in payables		2.0	0.9
Net movement in working capital		14.1	(14.8)
Interest received		0.4	0.2
Interest paid		(0.8)	(0.8)
Income taxes paid		(2.9)	(1.4)
Net cash generated from operating activities		13.0	40.6
Cash flow from investing activities			
Payments for development expenditure		(2.7)	(5.9)
Purchase of property, plant and equipment		(5.2)	(5.8)
Proceeds from sale of property, plant and equipment		0.3	0.1
Payments for mineral exploration and evaluation expenditure		(3.3)	(1.6)
Payments for investments in associates		(3.4)	-
Purchase of available-for-sale financial investments		-	(0.7)
Net cash outflow from investing activities		(14.3)	(13.9)
Cash flow from financing activities			
Proceeds from related party borrowings		0.6	-
Repayments of shareholder loan treated as equity		-	(2.8)
Payments for repurchase of senior secured notes		(11.2)	-
Repayment of borrowings		(1.1)	(2.1)
Proceeds from stockpile funding		66.1	34.8
Repayment of stockpile funding		(65.6)	(28.3)
Net cash (outflow) / inflow from financing activities		(11.2)	1.6
Net (decrease) / increase in cash and cash equivalents		(12.5)	28.3
Cash and cash equivalents at the beginning of the period		138.1	62.1
Exchange losses on cash and cash equivalents		(1.4)	(0.7)
Cash and cash equivalents at the end of the period	9	124.2	89.7

The notes on pages 21 to 27 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 2012 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 2011, 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 2011 but comparative information is derived from those accounts. Statutory accounts for 2011 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 01 January 2012 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.
- IFRS 7 *Financial Instruments: Disclosures* has been updated as part the IASB's comprehensive review of off balance sheet activities to enhance derecognition disclosure requirements and promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

(b) 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.
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective 1 January 2013): IFRIC 20 sets out the accounting for over burden waste removal (stripping costs) in 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 not yet completed its evaluation of the effect of adoption.

(c) 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 2011, 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 2012	Average 3 months to 31 March 2012	31 December 2011	Average 3 months to 31 March 2011
Australian dollar	1.0385	1.0552	1.0174	1.0052

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.

<u>Impairment</u>

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.

<u>Net realisable value adjustments on ore stockpiles</u>

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

<u>Taxation</u>

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.

<u>Rehabilitation provision</u>

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
The Group assesses its expensing of overburden removal mining costs 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 over burden 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 trading of ferroalloys, iron ore projects, nickel operations (which have been put on care and maintenance) and administration and corporate head office functions.

The segment information provided for the three month periods ended 31 March 2012 and 2011 is as follows:

31 March 2012 **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Revenue from external customers	82.8	15.2	-	98.0
Cost of goods sold	(54.9)	(13.7)	(0.5)	(69.1)
Gross profit	27.9	1.5	(0.5)	28.9
Adjusted EBITDA	11.7	(0.6)	(6.4)	4.7
Depreciation and amortisation	(9.8)	(4.0)	(0.1)	(13.9)
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	8.8	(3.8)	(14.6)	(9.6)
Income tax expense				(1.9)
Loss for the period				(11.5)

31 March 2012 **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Total assets	611.0	50.1	309.1	970.2
Total liabilities	(200.6)	(18.2)	(391.8)	(610.6)

31 March 2011 **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Revenue from external customers	151.6	14.1	5.7	171.4
Cost of goods sold	(108.0)	(16.3)	(5.7)	(130.0)
Gross profit	43.6	(2.2)	-	41.4
Adjusted EBITDA	63.6	2.9	(7.4)	59.1
Depreciation and amortisation	(29.0)	(2.5)	(0.1)	(31.6)
Net foreign exchange gain	0.6	-	0.3	0.9
Non-cash inventory NRV write-down	(12.4)	(4.5)	-	(16.9)
Finance income	0.1	-	0.2	0.3
Finance expense	(0.6)	(0.1)	(0.8)	(1.5)
Share of losses of associates	-	-	(0.3)	(0.3)
Profit before tax	22.3	(4.2)	(8.1)	10.0
Income tax credit				12.0
Profit for the period				22.0

31 December 2011 **$m**	**Manganese**	**Chromite**	**Other**	**Total**
Total assets	606.4	51.1	308.8	966.3
Total liabilities	(197.5)	(17.4)	(394.8)	(609.7)

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

	Periods ended 31 March	
$m	**2012**	**2011**
Adjusted EBITDA	4.7	59.1
Depreciation and amortisation	(13.9)	(31.6)
Net foreign exchange gain	1.1	0.9
Non-cash inventory NRV write-back / (down)	6.6	(16.9)
Net financing costs	(7.9)	(1.2)
Share of loss of associates	(0.2)	(0.3)
(Loss) / profit before tax	(9.6)	10.0

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss and non-cash inventory write-back / down. Adjusted EBITDA is the key profitability measure used by management across the business and reflects the performance of our core activities in a consistent manner and in-line with how the business is managed and measured. 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 may not be readily comparable to other companies' figures.

7. Revenue

Revenue by geographic destination was as follows:

	Periods ended 31 March	
$m	**2012**	**2011**
China	94.1	107.8
Ukraine*	-	51.7
India	1.3	-
Georgia*	-	1.2
Other	2.6	10.7
Total revenue by geographic destination	98.0	171.4

*Sales to related parties – see note 12

8. Cost of sales

	Periods ended 31 March	
$m	**2012**	**2011**
Mining and production expenses - other	81.0	81.4
Depreciation and amortisation	13.9	31.4
Royalties and other taxes	6.1	9.8
Mining and production expenses - deferred stripping	(2.2)	(1.7)
Non-cash inventory NRV (write-back) / down	(6.6)	16.9
Net movement in inventories	(23.1)	(14.7)
Purchases of ferroalloys for sale	-	6.4
Other	-	0.5
Total cost of sales	69.1	130.0

9. Cash and cash equivalents

$m	**31 March 2012**	**31 December 2011**
Cash at bank and in hand	145.3	155.1
Short-term bank deposits	0.1	0.1
Cash and cash equivalents at the end of the period	145.4	155.2
Less: bank overdrafts	(21.2)	(17.1)
Net cash and cash equivalents per the cash flow statement	124.2	138.1

10. Borrowings

$m	31 March 2012	31 December 2011
Current		
Bank overdrafts	21.2	17.1
Finance lease liabilities – hire purchase loans	3.0	3.4
Stockpile funding	21.6	20.8
	45.8	41.3
Non-current		
Senior secured high yield notes	361.3	373.4
Finance lease liabilities – hire purchase loans	2.2	2.7
Loan from related party	0.6	-
	364.1	376.1
Total borrowings	409.9	417.4

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 $1.6 million and unamortised issue costs of $11.2 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 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. As noted in the events occurring after the reporting period, these facilities were repaid on 29 May 2012.

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 2012	31 December 2011
Interest free and repayable on demand	-	-
6 months or less	44.3	39.4
6 - 12 months	1.5	1.5
1 - 5 years	2.2	3.1
Over 5 years	-	-
	48.0	44.0
Borrowings not exposed to changes in interest rates	361.9	373.4
	409.9	417.4

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

$m	31 March 2012	31 December 2011
US dollar	404.7	411.3
Australian dollar	5.2	6.1
	409.9	417.4

11. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2011 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 nine months ended 30 March 2012.

$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 2012		-	-	-		
3 months to 31 March 2011	53.0	5.4	-	-		
At 31 March 2012					6.7	-
At 31 December 2011					9.2	-
Banks related to the ultimate shareholder						
3 months to 31 March 2012	-	-	0.3	-		
3 months to 31 March 2011	-	-	-	-		
At 31 March 2012					-	-
At 31 December 2011					-	-
Other companies related to the ultimate shareholder						
3 months to 31 March 2012	-	0.9	-	-		
3 months to 31 March 2011	-	1.0	-	-		
At 31 March 2012					-	2.6
At 31 December 2011					-	2.1

<u>Finance companies related to the ultimate shareholder</u>
As at 31 March 2012, a related party loan balance of $966.2 million was recognised in equity and a loan balance of $0.6m recognised in non-current liabilities.

<u>Banks related to the ultimate shareholder</u>
The Group holds bank accounts with Privat Bank, which the ultimate shareholder has a minority interest in. As at 31 March 2012, $11.4 million was held in current accounts with the bank (31 December 2011: $11.2 million).

13. Events occurring after the reporting period
Subsequent to the year end the Group took the decision to repay its Australian working capital facilities. These facilities were repaid on 29 May 2012.

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.