



Connemara Mining **Company PLC**

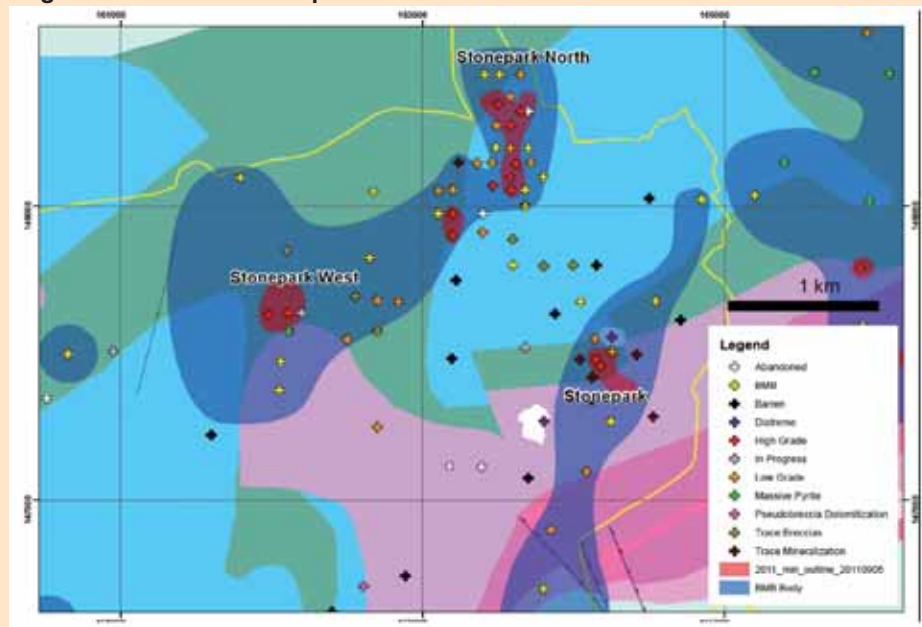
Interim Report
2011

Registration number: 417725

Interim Statement for the period ended 30 June 2011

In recent weeks we reported the discovery of a new zone, Stonepark West, over a kilometre away from the two previously reported zones. Diagram 1 below outlines the discovery. These results confirm that the zinc-lead discovery at Stonepark in Limerick continues to grow and are a further indication that the nature and extent of the Limerick mineralisation will only be fully realised during mining. However, for now the exploration phase is making good progress with the operator and 75% shareholder in the venture, Teck Ireland, continuing to drill with four rigs on site.

Diagram 1 The Stonepark Area



As shown on Diagram 1 the discovery area is large. The three zones announced are more than 1.5 kilometres apart so are likely to be separate in a manner typical of Irish zinc discoveries. However there are indications that there may be some mineralised connection between them. Table 1 gives drilling highlights.

Table 1: Stonepark Drilling Highlights

Hole ID	From (m)	To (m)	Thickness ¹ (m)	zinc (%)	lead (%)
TC-2638-086	382.5	385	2.5	4.16	4.37
Including:	383.9	385	1.1	6.13	4.63
TC-2638-078	339.8	340.8	1	5.97	0.24
TC-2638-074 ²	220.00	228.65	8.65	7.72	2.19
Including:					
TC-2638-074 ²	224.45	227.3	2.85	17.41	3.98
TC-2638-064 ²	273.00	276.10	3.10	1.92	0.56
TC-2638-064 ²	288.00	290.00	2.00	1.09	0.01
TC-2638-071 ²	260.30	262.00	1.70	3.01	0.09

¹All drill holes are vertical (-90 degrees). ²Reported 25 May 2011.

The nature of the Stonepark discoveries, like those found by Minco/Xstrata, are typical of Irish zinc discoveries. They can be large and rich but are often in separate zones so need a significant number of drill holes to reach a measured estimate of volume. We believe that the Limerick discoveries have the potential to produce at least one world class zinc mine. It is worth noting that the current discoveries are all on one of the 16 Limerick licences in the Connemara/Teck joint venture. Much of the work done in the first half of 2011 was regional involving seismic, aeromag and drilling up to 9 kilometres away from Stonepark. There has been a high grade hit on the licence adjacent to Stonepark. While this confirms that the current discoveries are open to expansion on three of four sides, it also means that hundreds of drill holes will be needed to test this block. The Directors believe that the Connemara block may become part of a world class lead-zinc mining district. The zinc story is strong and the discoveries in Limerick are highly promising. While no estimate of volume has been issued for Stonepark, the adjacent discovery of Minco/Xstrata has been reported to contain at least 30 million tons at a combined zinc/lead percentage of 10% per ton of ore.

While the clear focus is on Stonepark, Connemara has other high quality base metal exploration projects in Ireland. We expect to agree a joint venture on our Lough Sheelin block which will result in some deep holes being drilled. We are preparing a work programme on our Mine River block of licences in Wicklow/Wexford while geophysical and geochemical work is ongoing on our Nenagh block of ground.

The investment climate

Many international investors are looking for good short term returns and or long term security. Speculative shares are not an attractive option for the wider investment community therefore we are looking to a smaller pool of investors who pick and choose from a variety of plays. We are seeking ways of getting to those investors so that the full value of our projects can be realised. Although Connemara is fully funded until the end of 2012 and the geological results are outstanding, the share price is a cause for concern, with a market capitalisation of just above £3 million. A series of events have combined to damage our share price. The general economic malaise is bad for speculative shares and the AIM market has been badly hit as retail investors try to exit illiquid positions. This is further exacerbated by the many Irish investors who have seen their net worth decimated by the virtual collapse of the Irish economy and so are forced to sell their Connemara shares. Those not forced to sell should look to a number of fundamental facts:

- Zinc demand continues to grow at rates of 4% due entirely to Chinese, Indian, Brazilian and other emerging markets demands
- These emerging markets are expected to grow far faster than declining Western economies
- Zinc supply is sluggish with few new mines coming on stream
- Zinc prices, above \$2,000 a ton are profitable for producers

Future

It is likely that Teck will continue to drill with multiple rigs through 2012. We are funded for this. The joint venture under discussion on the Lough Sheelin block will also see early drilling. So operationally Connemara is set fair.

As Chairman I am less comfortable with the ongoing corporate activity in the sector where Xstrata have bid to acquire the Minco stake in the Pallas Green discoveries. The takeout price is poor reflecting current stock market conditions and the onus for Minco to continuously raise cash to maintain their interest. Connemara is in a better position in that it has few shares in issue, less than 26 million, and fewer shareholders thus making funding easier. However, maintaining our interest in this potentially world class zinc discovery will take time and cost money. The Board and I are working to secure the shareholders' position and will look at all options to achieve this as the project continues to grow.

John Teeling
Chairman

A handwritten signature in black ink that reads "John Teeling". The signature is written in a cursive style with a large, sweeping initial "J".

22nd September 2011

Financial Information (unaudited)

	Six Months Ended		Year Ended
	30 June 11	30 June 10	31 Dec 10
	unaudited	unaudited	audited
	€'000	€'000	€'000
Condensed Consolidated Statement of Comprehensive Income			
Continuing Operations			
Administrative expenses	(198)	(165)	(302)
OPERATING LOSS	(198)	(165)	(302)
Interest receivable	4	1	2
LOSS BEFORE TAXATION	(194)	(164)	(300)
Income tax expense	0	0	0
TOTAL COMPREHENSIVE LOSS	(194)	(164)	(300)
LOSS PER SHARE - basic and diluted	(0.81c)	(1.08c)	(1.71c)

	30 June 11	30 June 10	31 Dec 10
	unaudited	unaudited	audited
	€'000	€'000	€'000
Condensed Consolidated Balance Sheet			
ASSETS			
NON CURRENT ASSETS			
Intangible Assets	1,896	1,002	1,289
CURRENT ASSETS			
Other receivables	75	48	65
Cash and cash equivalents	1,050	20	733
	1,125	68	798
TOTAL ASSETS	3,021	1,070	2,087
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(467)	(478)	(468)
NET CURRENT ASSETS/(LIABILITIES)	658	(410)	330
NET ASSETS	2,554	592	1,619
EQUITY			
Share Capital	257	151	204
Share Premium	3,856	1,919	3,029
Reserves	(1,559)	(1,478)	(1,614)
TOTAL EQUITY	2,554	592	1,619

Financial Information (unaudited)

Condensed Consolidated Statement of Changes in Shareholders Equity

	Called-up Share Capital €'000	Share Premium €'000	Share Based Payment Reserves €'000	Retained Deficit €'000	Total €'000
As at 1 January 2010	151	1,919	56	(1,370)	756
Loss for the period				(164)	(164)
As at 30 June 2010	151	1,919	56	(1,534)	592
Shares issued	53	1,176			1,229
Share issue expenses		(66)			(66)
Loss for the period				(136)	(136)
As at 31 December 2010	204	3,029	56	(1,670)	1,619
Shares issued	53	1,135			1188
Share issue expenses		(59)			(59)
Warrants issued		(249)	249		0
Loss for the period				(194)	(194)
As at 30 June 2011	257	3,856	305	(1,864)	2,554

	Six Months Ended 30 June 11 unaudited €'000	30 June 10 unaudited €'000	Year Ended 31Dec 10 audited €'000
Condensed Consolidated Cash Flow			
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	(194)	(164)	(300)
Investment revenue	(4)	(1)	(2)
Exchange movements	31	(2)	(2)
	(167)	(167)	(304)
Movements in working capital	(11)	185	158
CASH USED BY OPERATIONS	(178)	18	(146)
Investment revenue	4	1	2
NET CASH USED IN OPERATING ACTIVITIES	(174)	19	(144)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for intangible assets	(607)	(168)	(455)
NET CASH USED IN INVESTING ACTIVITIES	(607)	(168)	(455)
FINANCING ACTIVITIES			
Proceeds from issue of equity shares	1,188	0	1,229
Share issue costs	(59)	0	(66)
NET CASH FROM FINANCING ACTIVITIES	1,129	0	1,163
NET DECREASE IN CASH AND CASH EQUIVALENTS	348	(149)	564
Cash and Cash Equivalents at beginning of the period	733	167	167
Effects of exchange rate changes on cash held in foreign currencies	(31)	2	2
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,050	20	733

Notes

1. Information

The financial information for the six months ended 30 June 2011 and the comparative amounts for 30 June 2010 are unaudited. The financial information above does not constitute full statutory accounts within the meaning of section 148 of the Companies Act 1963.

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the Group 2010 Annual Report, which is available at www.connemaramining.com.

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. Loss per share

	30 June 11	30 June 10	31 Dec 10
	€	€	€
Loss per share – Basic and Diluted	(0.81c)	(1.08c)	(1.71c)

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Loss for the year attributable to equity holders of the Parent	(193,947)	(164,353)	(299,594)
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Weighted average number of ordinary shares for the purpose of basic earnings per share	24,055,601	15,176,711	17,478,073
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Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive and is therefore excluded.

4. Intangible Assets

	30 June 11	30 June 10	31 Dec 10
	€'000	€'000	€'000
Exploration and evaluation assets:			
Cost at 1 January	1,289	834	834
Additions	607	168	455
Closing Balance	1,896	1,002	1,289

The above represents expenditure on projects in Ireland and Zimbabwe.

The group's activities are subject to a number of significant potential risks including;

- Uncertainties over development and operational costs
- Political & legal risks, including arrangements with governments for licences, profit sharing and Taxation;
- Liquidity risks
- Going concern
- Operational and environmental risks

The realisation of this intangible asset is dependent on the successful development of economic reserves, including the ability of the Group to raise finance to develop the project. Should this prove unsuccessful the value included in the balance sheet would be written off.

The directors are aware that by its nature there is an inherent uncertainty in such exploration and evaluation expenditure as to the value of the asset. Having reviewed the deferred development expenditure at 30 June 2011, the directors are satisfied that the value of the intangible asset is not less than carrying value.

5. Share Capital

	30 June 11	30 June 10	31 Dec 10
	€'000	€'000	€'000
Authorised:			
200,000,000 ordinary shares of €0.01 each	2,000	2,000	2,000
	<u> </u>	<u> </u>	<u> </u>
Allotted, Called Up and Fully Paid:			
	Number	Share Capital	Share Premium
		€'000	€'000
Balance at 1 January 2010	15,176,711	151	1,919
Issued during period	0	0	0
	<u> </u>	<u> </u>	<u> </u>
Balance at 30 June 2010	15,176,711	151	1,919
Issued during period	5,283,000	53	1,176
Less share issue expenses			(66)
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2010	20,459,711	204	3,029
Issued during period	5,250,000	53	1,135
Less share issue expenses			(59)
Less warrants issued			(249)
	<u> </u>	<u> </u>	<u> </u>
Balance at 30 June 2011	<u>25,709,711</u>	<u>257</u>	<u>3,856</u>

On 25 February 2011, the company raised £1,050,000, before expenses, through the placing of 5,250,000 new ordinary shares of €0.01 each at a price of 20p per share. Each share was allocated a 12 month warrant to purchase one share exercisable at a price of 35p.

The funds raised will be used as working capital to advance Connemara's projects, and fully covers Connemara's existing and normally anticipated working capital requirements until the end of 2012.

- The Interim Report for the six months to 30 June 2011, was approved by the Directors on 22 September 2011.
- Copies of this announcement will be sent to shareholders and will be available for inspection at the Companies Registered Office at 162 Clontarf Road, Dublin 3, Ireland. The Interim Report may also be viewed at Connemara Mining Company Plc's website at www.connemaramining.com.

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