Chromex Mining plc / Epic: CHX / Market: AIM / Sector: Mining & Exploration
29 June 2010

Chromex Mining plc ('Chromex' or 'the Company')
Interim Results

Chromex Mining plc, the AIM listed chrome mining company focussed in Southern Africa, is pleased to announce its results for the six months ended 31 March 2010.

Overview

- Chrome producer operating in the world's key chrome area, the Bushveld complex in South Africa
- Secured US$5 million funding on a pre-payment for product basis from Suzhou a Chinese steel manufacturing company
- Construction of DMS commenced with cold commissioning planned for October 2010 - expected to double production at Stellite to 40,000 ROM tonnes per month by Q4 2010
- Strengthened management team as part of a strategy to advance chrome projects in southern Africa
- Full operational control at Stellite – moved away from contractor based model
- Expanded into Zimbabwe – acquisition of Waylox Mining, with approximately 1.9Mt of alluvial chrome grading 13.8% Cr_2O_3
- Expect to commence development the Mecklenburg Chrome Project early in 2011

Chairman's Statement

The period under review has been one of steady progress for Chromex, although that progress has not been reflected in the financial results. At the Stellite mine operating the plant on a commercial basis has shown how the processing plant itself can be changed to improve yields and the variety of product for sale, and the changes are now being implemented. For the future we have decided to begin operations in Zimbabwe, which hosts higher grade chrome than is available in South Africa. Importantly, the improvements in the price structure for chrome, especially in terms of the South African Rand, is now apparent and will benefit future periods.

Stellite

The Stellite open cast chrome mine is situated on the Western Limb of the Bushveld Complex, north of Rustenburg. Chromex completed the construction and commissioning of the spirals processing plant, designed to produce both 42% and 44% Cr_2O_3 concentrates, late in 2009. While the quality of product has been good the yields have not been satisfactory, and the board has decided to change the way the plant is operated as well as improving the plant itself.

With effect from 1 June 2010, Chromex has taken full operational control of the processing plant rather than operating through contractors. To facilitate this, Chromex has appointed two key operations personnel, Jean du Plessis and Anson Gilbert. Jean du Plessis is a mining engineer with over 15 years experience in the chrome industry. He was previously General Manager of Mining at Hernic Ferrochrome ('Hernic'), the fourth largest producer of ferrochrome in the world and was responsible for all mining and chrome processing operations at Hernic. Anson Gilbert is a chemical engineer with in excess of eight years experience in the chrome industry designing, commissioning and optimising gravity separation circuits. He will have overall responsibility for the metallurgical requirements of the Company.

The major current capital project at Stellite is the construction of a dense media separation circuit ('DMS'), which has already commenced, with cold commissioning planned for October 2010. Other capital projects, which include the construction of a tailings thickener and spirals upgrade, are expected to be commissioned this month. The thickener will significantly reduce the Stellite processing plant's make-up water requirements, and the spirals upgrade, which includes two additional scavenger spiral banks, is also being installed to optimise chrome recoveries. When all improvements are complete, the operation is expected to process approximately 40,000 run-of-mine ('ROM') tonnes per month.

To finance the improvements, Chromex has secured US$5 million funding, on a pre-payment for product basis, from Suzhou Kaiyuan Chemical Co. Ltd ('Suzhou'), a Chinese steel manufacturing company. After the initial six month construction period, all lumpy chrome product will be sold to Suzhou for a period of two years. During this period a percentage of each lumpy chrome consignment will be used to offset the pre-payment. Pricing will be market driven and negotiated on a monthly basis.

In addition to the chrome processing facilities, Chromex has received encouraging results from Platinum Group Elements ('PGE') testwork conducted at Stellite. In light of these results, a study is now underway to determine the economics of adding a PGE floatation plant to treat the tailings arising from the gravity concentration plant at Stellite. PGEs, comprising platinum, palladium and rhodium, are present in small concentrations in the chromite reefs. Results of test work on a series of ROM MG3 samples showed an average 3PGE (platinum, palladium and rhodium) and gold content of 1.74g/t. Further analysis of the MG3 tailings stream showed 3PGE plus gold grades averaging 1.35g/t.

The MG3 seam represents approximately 47% of the total opencast Mineral Resource on Stellite. The Directors are delighted with the results from the test work and look forward to developing Chromex's understanding of the economics of PGE extraction and treatment. The potential inclusion of PGE credits in conjunction with the planned doubling of chrome production to 40,000 ROM tonnes per month later this year is expected to further underpin the already robust economics of the Stellite mine.

Mecklenburg

Your Company has made great efforts to resolve Samancor Chrome Limited's ('Samancor') challenge to our Mining Right at Mecklenburg. Chromex's management has attempted to settle the legal dispute through direct negotiations with Samancor and have proposed the joint development of Chromex's Mecklenburg chrome assets with Samancor's adjacent Twickenham and Surbiton chrome assets, and Chromex is still awaiting a response from Samancor.

No date for the Court hearing has yet been set and our best estimates of the timescale for settling the case are constantly proved wrong. Based on expert legal advice, we remain fully confident that the challenge is unsubstantiated.

Independent analysts continue to value Stellite alone at more than the Company's market capitalisation, so that Mecklenburg is wholly discounted in the current share price. The DMR is requesting Chromex to develop the Mecklenburg mine in advance of the settlement of the legal challenge. We are therefore commencing work on reviewing and updating the bankable feasibility study completed in 2007 with the intention of initiating the development of Mecklenburg early in 2011.

Zimbabwe

In November 2009 the Zimbabwe Government relaxed its prohibition on the export of chrome ore. The Directors believe that the high quality of chrome resources in Zimbabwe mean that a small proportion of Chromex assets should be invested in that country.

Initially Chromex agreed to operate through a joint venture arrangement through Falvect Mining, but progress has been slow. Chromex therefore decided to acquire Waylox Mining (Private) Limited ('Waylox'), a chrome mining company operating in Zimbabwe and a wholly owned subsidiary of TransAfrika Resources Limited, for a total consideration of US$1.15 million ('the Acquisition').

Waylox has been operating in Zimbabwe since August 2008 after acquiring the Trixie and Prince of Wales claims located in the prospective Darwendale area. The Darwendale area is located on the Great Dyke of Zimbabwe which is host to significant chrome resources.

The Trixie claims contain economic grades of alluvial chrome resources. The current mineral resource estimated on the 388ha Trixie project stands at approximately 1.9 million tonnes at an average modelled grade of 13.8% Cr_2O_3. The estimate was calculated on the basis of the results of an exploration programme comprising 245 exploration pits across the five Trixie claims.

Chromex has initiated a feasibility study on the Trixie claims which is expected to be completed in Q4 2010. Similar chrome operations on the Great Dyke are producing chrome concentrates with Cr_2O_3 grades ranging from 47% to 50% and Cr:Fe ratios in excess of 1.9:1.

Finance

The loss before and after tax for the six months ended 31 March 2010 was £399,000 (2009 – profit £81,000; after tax £47,000). This was a period of reduced volumes and lower than expected recoveries as well as low Rand based chrome prices. The Directors remain confident in the future financial performance of the Group.

Chromex has granted options to Directors to subscribe for a total of 4,100,000 shares, 2,050,000 of which are exercisable at 25p per share and 2,050,000 at 30p per share. Options over 1,300,000 shares, exercisable at 25p per share, have also been issued to senior management.

Directors

Nigel Wyatt and Vusi N'Kosi stepped down from the board in April 2010. Mr. N'Kosi was appointed chairman of Chromex Mining Company (Pty) Limited, the holding company for the South African assets, and his skills will continue to be available to the Group in that context. He represents our Black Economic Empowerment partner, Umnotho weSizwe. Nigel Wyatt was CEO from the flotation of Chromex, but has resigned in order to concentrate on identifying and developing early stage mining projects in Africa. We wish him well in his new role.

Future prospects

The Stellite plant is now nearing completion of the first stage of its upgrading. Its economics will be further improved towards the end of the year when the DMS plant is commissioned and reaches full production of 40,000 ROM tonnes per month.

The Board is moving quickly to build on its investment in Zimbabwe, and plans to produce chrome for sale within the shortest possible time frame.

Despite the delays caused by legal disputes we believe that the time has come to develop Mecklenburg, and expect to finalise proposals in the second half of 2010.

The turbulence in the market for chrome appears to have abated, and forecast demand is again strong. As a producer Chromex will benefit from this strength.

Taking these factors into account the Directors remain confident for the future

Brian Moritz
(Chairman)
29 June 2010

Chromex Mining PLC

Unaudited consolidated income statement

for the six months ended 31 March 2010

	6 Months ended 31 March 2010 £'000	6 Months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Revenue	964	1,613	2,016
Cost of sales	(683)	(1,068)	(1,204)
Gross (loss)/profit	281	545	812
Administrative expenses	(668)	(500)	(993)
Cost of bankable feasibility study	–	(27)	(8)
Operating (loss)/profit before finance costs	(387)	18	(189)
Finance income	7	63	38
Finance expense	(19)	–	–
(Loss)/profit before tax	(399)	81	(151)
Taxation	–	(34)	346
(Loss)/profit for the period	(399)	47	195
(Loss)/profit per share			
Basic	(0.47)p	0.06p	0.23p
Diluted	(0.47)p	0.05p	0.23p

The operating (loss)/profit for the period arises from the Group's continuing operations.

Chromex Mining PLC

Unaudited consolidated balance sheet

as at 31 March 2010

	6 Months ended 31 March 2010 £'000	6 Months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Assets			
Non-current assets			

Property, plant and equipment	10,438	6,824	9,699
Deferred tax	569	79	525
Intangible assets	–	886	–
	11,007	7,789	10,224
Current assets			
Inventories	1,111	134	766
Trade and other receivables	76	407	611
Cash and cash equivalents	1,406	2,270	1,182
Other debtors	163	–	–
	2,756	2,811	2,559
Total assets	13,763	10,600	12,783
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	850	850	850
Share premium	9,120	9,120	9,120
Accumulated losses	(1,369)	(1,118)	(970)
Exchange reserves	1,747	423	1,180
Total equity	10,348	9,275	10,180
Non-current liabilities			
Provisions	383	399	353
Loans and borrowings	2,320	734	1,724
	2,703	1,133	2,077
Current liabilities			
Trade and other payables	712	192	526
	712	192	526
Total equity and liabilities	13,763	10,600	12,783

Chromex Mining PLC

Group statements of changes in equity

for the six months ended 31 March 2010

Group	Share capital £'000	Share premium £'000	Accumulated Losses £'000	Exchange reserves £'000	Total £'000
Balance at 1 October 2008	847	9,071	(1,165)	29	8,782
Profit for the period			47		47
Issue of share capital	3	49			52
Exchange translation gain				394	394
Balance at 31 March 2009	850	9,120	(1,118)	423	9,275
Balance at 1 October 2009	850	9,120	(970)	1,180	10,180
Loss for the period	–	–	(399)	–	(399)
Exchange translation gain	–	–	–	567	567

Balance at 31 March 2010	850	9,120	(1,369)	1,747	10,348

Chromex Mining PLC

Unaudited consolidated cash flow statement

for the six months ended 31 March 2010

	Notes	6 Months ended 31 March 2010 £'000	6 Months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
Cash flows from operating activities				
Cash used in operations	(a)	99	263	(815)
Cash flows from investing activities				
Acquisition of property, plant and equipment		(281)	(1,407)	(2,170)
Acquisition of subsidiaries		–	-	–
Financing income		7	63	38
Other income		–	–	–
Financing costs		–	-	–
Net cash flows from investing activities		(274)	(1,344)	(2,132)
Cash flows from financing activities				
Net proceeds on issues of share capital		–	52	51
Net cash acquired with subsidiary		–	-	–
Interest paid		(19)	–	–
Proceeds from long-term borrowings		418	733	1,512
Net cash flows from financing activities		399	785	1,563
Net increase/(decrease) in cash and cash equivalents		224	(296)	(1,384)
Cash and cash equivalents at beginning of period		1,182	2,566	2,566
Cash and cash equivalents at end of period		1,406	2,270	1,182

Chromex Mining PLC

Notes to the cash flow statements

	6 Months ended 31 March 2010 £'000	6 Months ended 31 March 2009 £'000	Year ended 30 September 2009 £'000
(a) Cash used in operations			
Operating loss before working capital changes	(399)	81	(151)
(Increase) in inventories	(259)	(11)	(539)
Decrease in trade and other receivables	387	183	85

Increase/(decrease) in trade and other payables	133	(343)	30
Foreign exchange adjustment	67	326	(274)
Depreciation	158	90	72
Interest received	(7)	(63)	(38)
Interest paid	19	–	–
Net cash used in operations	99	263	(815)

Registered number: 055669922

Notes

1. The financial information set out above does not comprise full accounts as defined in the Companies Act 2006.

2. The company has applied the same accounting policies in preparation of this financial information as were applied in its annual financial statements at 30 September 2009.

3. Loss per share is calculated on the basis of losses of £399,000 (2009 – profit of £47,000) and a weighted average of 85,002,650 ordinary shares in issue (2009 – 84,960,000 shares).
   Warrants and share options outstanding were not included in the calculation of prior period diluted losses per share, as in the opinion of the directors, they were anti-dilutive.

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

****ENDS****

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