



MINMET PLC

INTERIM REPORT
SIX MONTHS ENDED
30 JUNE 2005

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Main events:

- ▣ Mike Neville appointed Chairman on 31 May 2005
- ▣ AIM Admission process started by the appointment of H B Corporate as Nomad and Broker – target date Q4 2005
- ▣ Acquisition of Overseas Oil and Gas Resources Ltd. with Barnett Shale Option
- ▣ Issue and placing of new shares raising US\$5.9m in cash
- ▣ Heads of Agreement on sale of Björkdal for US\$8M in due diligence phase
- ▣ Björkdal production returned to stockpiles following suspension of hard rock mining in March 2005
- ▣ Proposed listing of South American exploration interests in new AIM vehicle
- ▣ Currently exploring a number of ways to consolidate our position, and accrete value for shareholders in the mid term

Chairman's Interim Statement 2005

Review of operations

The first half of 2005 has seen significant changes and developments in Minmet. I was appointed to the Board as Chairman on 31 May 2005, replacing Rolf Nordström who has stepped down.

Since my appointment we have succeeded in re capitalising the Company having raised over \$5.5m cash through a corporate acquisition and the placing of new shares. In addition we have continued a process to bring the Björkdal mine to a cash neutral position following significant losses in the first three months of 2005, the issues here are well documented in the Annual Report for 2004, which was published on 29 June 2005.

With the co-operation of the Björkdal management we are following a new underground mining approach to access the high-grade reserves in the North Wall at Björkdal. An underground test plan was initiated in September 2005 with a plan to mine 10,000 tons of material, which can be campaigned through the Björkdal plant in October 2005.

Our objectives for the remainder of 2005 are to finalise the Admission Document to list the Company's shares on AIM and to finalise and communicate a new strategy that will be adopted to move Minmet forward in 2006 and beyond.

This strategy will involve positioning the Company to take an active role in promoting, establishing and advancing a number of specified projects within the Oil & Gas and the Minerals sectors.

As part of the acquisition of Overseas Oil and Gas Resources Limited ("OOGRL") in July 2005 we acquired, exchanged but not completed contracts to acquire 3,700 acres of Barnett Shale Gas Leases in Hamilton County, near Fort Worth, Texas. I believe this new focus for the group, coupled with the improving cash position, will position the business extremely positively for the future, especially in areas which are consolidating quickly.

As detailed above we incurred significant losses during the first 3 months of 2005 at the Björkdal mine during the implementation of our 2004 Mining Plan. These losses arose due to a combination of lower than expected grades and higher stripping ratios than planned. In March as a result of these unsustainable losses we decided to suspend the mining operations pending a full review of how best to develop the known reserves in the mine. Since taking the decision to suspend the hard rock mining we have stabilised the situation and the Björkdal processing plant, which has been working at capacity levels by processing already mined stockpiles and has returned to operate at a break-even basis.

During the first 6 months 2004 Björkdal produced 10,973 ozs Au (2003 13,866 ozs). In addition we have sold 45,888 tons of crushed rock during the summer months to the aggregate industry for use in road building. This material has been produced as a by-product to the main gold refining process and is providing useful added value to the Björkdal operations.

As detailed above in September we have started a trial underground mining operation at Björkdal designed to extract 10,000 tons of ore. Our projections are that the trial will be self-financing. The trial will give valuable information for development of future production possibilities and in particular should assist in generating a Business Plan to extract known high-grade ore from under the North Wall of the Björkdal pit.

In a further development, during August 2005 we signed a Heads of Agreement with Gold-Ore Resources Inc. of Canada (“Gold Ore”) to sell a 100% interest in Björkdalsgruvan AB, the company that owns the Björkdal mine, for a total consideration of US\$8M payable in a combination of cash and shares in Gold Ore over a five year period. Gold-Ore is currently in the process of completing it’s due diligence work and our timetable envisages a sale completion date of end November 2005. It is notable that the continuing improvement in the Gold price in local currency terms is enhancing the value of the Björkdal mine.

Our joint venture partner Northlands Resources Inc (formerly North American Gold) (“NAU”) has defined a substantial gold resource at the Norra Barsele project in Sweden. An independent NI 43-101 estimate found 290,788 ounces in the Indicated Resource category, and 348,196 ounces in the Inferred Resource category.

A six hole large diameter RC drill program was recently completed at Barsele to investigate the impact of larger sample size on the average gold grade at Barsele. Results of the program are expected shortly. Further core drilling is planned at Barsele for late 2005. The results from both programs will be used to complete a new 43-101 resource calculation for Barsele which it is hoped will lead to a higher average gold grade for the project.

During the first half year we sold our shareholdings in Lapp Plats plc, Ormonde Mining plc, Svenska Skifferolje AB and part of our holding in GoldQuest Mining Corp realising a total of US\$1,204k, which was used for working capital purposes.

Minmet retains a 34.6% shareholding in Goldquest Mining Corp., which recently announced a significant gold discovery at its Tres Palmas property in the Dominican Republic.

We are spinning-off certain of our Brazilian and Peruvian exploration interests into a new venture, Horizonte Minerals plc (“Horizonte”), which is planned to list on the AIM market in late 2005 or early 2006. Horizonte will also acquire some assets in Brazil from third parties. We have already worked with the new management in Horizonte in successfully raising approximately £600,000 pre-IPO funding. Horizonte will bring fresh focus and resources to the projects concerned. Minmet will retain a sizeable shareholding in Horizonte after its IPO and admission to AIM.

Also in Brazil our joint venture partners RST Recursos Minerais Ltda have submitted a *Plano de Aproveitamento Economico*, an Economic Feasibility Report, to the Brazilian mining authority DNPM in Minas Gerais State to evaluate and mine the alluvial diamonds located on the Minmet licences in Coromandel.

The finalisation of both these transactions has allowed Minmet to reduce its financial exposure on a large proportion of its South American assets whilst retaining an equity or participating stake in each venture, thereby improving the chances of value accretion for shareholders, and furthering our strategy of developing Minmet into an incubation vehicle, focused on the development of high value, high growth assets.

On our remaining exploration properties in Brazil being the Cuiabá gold project and the Sungem lead/zinc project, we have had minimum activity this year while we are trying to identify appropriate strategic initiatives to bring these projects forward.

In May 2005 Minmet moved its Irish listing to the newly formed Irish Enterprise Exchange (IEX) of the Irish Stock Exchange. Following implementation of the EU Prospectus Directive on 1 July 2005, the trading facility for Minmet’s ordinary shares on the London Stock Exchange (“LSE”) was no longer made available to certain Irish companies including Minmet.

It is regrettable that this has caused significant inconvenience to many Minmet shareholders.

The loss of this trading platform has made the completion of the AIM Admission more urgent and this process is being pursued with all haste, and the primary focus for the board at this current time.

Financial Results

Group net loss on ordinary activities after tax for the six months ended 30 June 2005 was US\$3,090k (2004: Loss US\$1,716k). Operating expenses totalled US\$3,087k (2004: US\$2,364k), which included once off mining suspension costs of US\$860k (2004: Nil).

Björkdalsgruvan AB a wholly owned subsidiary made a gross profit of US\$55k (2004: Loss US\$464k) and operating expenses of US\$ 996k (2004: US\$1,112k) in the half year. The balance of operating expenses relate to head office costs in Minmet, GoldQuest and other companies consolidated into the Minmet Group accounts.

During the six months ended 30 June 2005 we disposed of our interest in Lapp Plats plc and sold two million shares in GoldQuest together with some other investments realising a net loss on disposal of US\$85k (2004: Profit US\$733k arising on listing Lapp Plats and GoldQuest).

Cash balances at 30 June 2005 amounted to US\$1,644k (30 June 2004 US\$3,018k; 31 Dec 2004 US\$2,795k). Deposit interest income in the 6 months to 30 June 2004 was US\$27k (2004 US\$19k).

Outlook

As described above, at Minmet we have been involved in substantial re-structuring both within our portfolio and our personnel in the first half of 2005. We have succeeded in stabilising the trading difficulties at the Björkdal mine and the stronger gold price has also contributed to an improved situation.

We are engaged in a re-structuring of a number of our other assets, including the participation of Minmet in the listing of Horizonte on AIM. We are working with Gold Ore to execute the sale of the Björkdal mine and we are actively working to deliver value from our remaining gold and mineral assets and in exploiting the new opportunities we have been presented with in the oil and gas sector.

We are also working to secure the listing of the Company's shares on AIM as a matter of priority.

Finally, I would like to take this opportunity to thank the staff at Minmet and those working within the various subsidiaries for their hard work over the last 6 months, and I look forward to updating you at the year-end.

Mike Neville

29 September 2005

Minmet plc	Unaudited 6 months to 30 June 2005 US\$'000	Unaudited 6 months to 30 June 2004 US\$'000	Audited Year ended 31 December 2004 US\$'000
Consolidated Profit and Loss Account			
Turnover	4,341	5,220	12,987
Cost of sales	(4,286)	(5,684)	(12,243)
Gross (loss) / profit	55	(464)	744
Operating expenses			
Continuing operations	(2,227)	(2,364)	(3,948)
Mining suspension costs	(860)	-	-
	(3,087)	(2,364)	(3,948)
Impairment of deferred development expenditure	-	-	(5,394)
Impairment of fixed assets	-	-	(3,655)
Operating (loss)			
Continuing operations	(3,032)	(2,828)	(12,253)
Group operating loss	(3,032)	(2,828)	(12,253)
Share of associated company (loss) before tax	-	(6)	(55)
Share of joint venture's loss before tax	-	-	(31)
(Loss)/profit on disposal of assets	(85)	733	602
(Loss) on Ordinary Activities Before Interest	(3,117)	(2,101)	(11,737)
Interest receivable	27	19	40
(Loss) on ordinary activities before tax	(3,090)	(2,082)	(11,697)
Tax on (loss) on ordinary activities	-	366	366
Retained (loss) on ordinary activities after tax	(3,090)	(1,716)	(11,331)
(Loss) per ordinary share (cents) - basic	(0.32)c	(0.19)c	(1.26)c

Minmet plc	Unaudited 30 June 2005 US\$'000	Unaudited 30 June 2004 US\$'000	Audited 31 December 2004 US\$'000
Consolidated Balance Sheet			
Fixed Assets			
Intangible assets	11,070	15,922	11,067
Tangible assets	5,801	9,186	6,577
Long-term investments	48	1,269	86
	<u>16,919</u>	<u>26,377</u>	<u>17,730</u>
Current Assets			
Stocks	642	916	953
Debtors	947	1,703	2,896
Short-term investments	-	-	494
Cash at bank and on hand	1,644	3,018	2,795
	<u>3,233</u>	<u>5,637</u>	<u>7,138</u>
Creditors (amounts falling due within one year)	<u>(1,956)</u>	<u>(2,497)</u>	<u>(3,570)</u>
Net Current Assets	<u>1,277</u>	<u>3,140</u>	<u>3,568</u>
Total Assets Less Current Liabilities	18,196	29,517	21,298
Provision for Liabilities and Charges	<u>(1,662)</u>	<u>(2,649)</u>	<u>(1,966)</u>
Total Assets Less Total Liabilities	<u>16,534</u>	<u>26,868</u>	<u>19,332</u>
Capital and Reserves			
Called-up share capital	12,294	11,011	11,561
Share premium account	37,171	36,135	37,076
Capital conversion reserve fund	87	87	87
Profit and Loss account – (deficit)	<u>(34,488)</u>	<u>(22,053)</u>	<u>(31,220)</u>
Shareholders' Funds – Equity interests	15,064	25,180	17,504
Minority shareholders' equity interests	<u>1,470</u>	<u>1,688</u>	<u>1,828</u>
Total Equity	<u>16,534</u>	<u>26,868</u>	<u>19,332</u>

Minmet plc	Unaudited Half year to 30 June 2005 US\$'000	Unaudited Half year to 30 June 2004 US\$'000	Audited Year ended 31 December 2004 US\$'000
Consolidated Cash Flow Statement			
Cash from operating activities			
(Loss)/Profit on ordinary activities before interest	(3,091)	(2,101)	(11,737)
Depreciation	232	311	371
Amortisation of intangible fixed assets	39	39	122
Loss on disposal of tangible fixed assets	-	-	18
Profit on disposal of investment assets	85	(733)	(602)
Amounts written off intangible fixed assets	-	-	5,394
Amounts written off tangible fixed assets	-	-	3,655
Decrease/(increase) in stock	311	224	187
Decrease/(increase) in debtors	1,949	944	(249)
(Decrease)/increase in creditors	(1,918)	(1,795)	(1406)
Translation adjustments	(163)	(159)	343
Net operating cash (outflow)/ inflow	(2,556)	(3,270)	(3,904)
Returns on investments and servicing of finance			
Interest received and similar income	27	19	40
	27	19	40
Taxation paid			
	-	-	-
Capital expenditure and financial investment			
Payments to develop intangible fixed assets	(529)	(1,202)	(2,022)
Payments to acquire tangible fixed assets	(125)	(1,001)	(2,202)
Payments to acquire investments	-	-	(382)
Proceeds from sale of tangible fixed assets	-	6	24
Proceeds from sale of investments	494	-	633
Proceeds from sale of shares in subsidiaries	710	2,571	3,288
	550	374	(661)
Acquisitions and disposals			
Payments to acquire investments in joint ventures	-	-	(66)
	-	-	(66)
Net cash outflow before financing	(1,979)	(2,877)	(4,591)
Financing			
Issue of ordinary share capital	828	170	1,745
Expenses paid in connection with share issues	-	(6)	(90)
Increase / (decrease) in cash	(1,151)	(2,713)	(2,936)

Minmet plc	Unaudited 6 months to 30 June 2005 US\$'000	Unaudited 6 months to 30 June 2004 US\$'000	Audited Year ended 31 December 2004 US\$'000
Consolidated Statement of Total Recognised Gains and Losses			
Retained (loss) on ordinary activities after tax	(3,090)	(1,716)	(11,331)
Translation adjustments	(178)	131	597
Total recognised gains and losses for the year	(3,268)	(1,585)	(10,752)

Notes:

1. This Interim Report for the six months ended 30 June 2005 is unaudited and was approved by the directors on 28 September 2005. The financial information set out herein does not constitute statutory accounts within the meaning of section 149 of the Companies Act 1963. The information as at 31 December 2004 has been extracted without material adjustment from the statutory accounts relating to the year ended 31 December 2004.
2. No dividends were proposed or paid in the 6 months ended 30 June 2005.
3. The accounting policies remain as stated in the Annual Report for the year ended 31 December 2004.
4. Copies of this Interim Report are available to the public free of charge at 10 Fitzwilliam Square, Dublin 2, during normal office hours. A copy has been posted on MinMet's web site at www.minmet.ie.