CONSOLIDATED MINERALS

Consolidated Minerals Limited

Annual Report 2014

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

Annual Report 2014

5 March 2015

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 annual results for the year ended 31 December 2014.

Key highlights

- Total tonnes of manganese ore production for 2014 decreased 7% compared to 2013. Australian manganese ore production increased 4% offset by a 17% decrease in Ghanaian manganese ore production compared to 2013.
- Manganese C1 cash costs for 2014 were $2.46/dmtu compared to $2.52/dmtu in 2013, a decrease of 2% continuing the positive trend seen over the last three years.
- Total manganese sales tonnes decreased 23% in 2014 compared to 2013. Australian manganese tonnes sold were slightly ahead of the prior year but Ghanaian manganese tonnes sold were 41% lower than prior year as a result of the termination of the Tianyuan Manganese Industry Co. Ltd (TMI) contract.
- Average manganese FOB sales price achieved decreased 17% from $4.81 in 2013 to $3.98 in 2014.
- The annual average price for manganese lump (CRU, 44%Mn CIF China) in 2014 was $4.56/dmtu, a decrease of 16% from $5.43/dmtu in 2013. In 2014, prices started the year at $5.25 and ended at $4.35/dmtu.
- Based on the December 2014 resource and reserves statement total Ghanaian reserves have increased 20% and resources have remained the same compared to the June 2013 statement. The equivalent comparison for the Australian business at December 2014 shows a 29% increase in reserves and a 17% increase in resources compared to the December 2013 statement.
- Financial performance in 2014 has been negatively impacted by the combination of lower manganese pricing and the lower sales volumes in Ghana and reduced margin arising from the termination of the TMI contract during the year. As a consequence Adjusted EBITDA[2] for 2014 was $127 million, down from $291 million in 2013 and Cash EBITDA for 2014 was $80 million, down from $261 million in 2013.
- The Group recorded a profit for the year of $1 million compared to a profit of $145 million in 2013.
- During the year the group had an operating cash inflow from continuing activities of $32 million compared to an inflow of $254 million in 2013.
- Total capital expenditure for the group in 2014 was $57 million, inclusive of $14 million of assets acquired under hire purchase agreements, which was in line with the planned capital expenditure for the year.
- During the year the Company spent $246 million redeeming all of the outstanding senior secured notes due 2016.
- On 12 May 2014, the Company issued $400 million in principal amount of 8.0% senior secured notes due 2020. Of the net proceeds of the issue $118 million were used in part to repurchase the remaining senior secured notes due 2016. A further $250 million of the proceeds were used to partially repay the shareholder loans treated as equity in the statement of financial position.
- Cash and cash equivalents net of overdraft decreased by $160 million from $220 million at 31 December 2013 to $60 million at 31 December 2014 with net debt increasing by $324 million to $347 million over the same period.
- In July 2013 the Company ceased mining at its Coobina chromite mine and final sales of Chromite ore concluded in Q1 2014. On 2 April 2014 the company transferred the Coobina tenement assets to PMI in part settlement of the liability arising from the termination of the Super Fines agreement generating a non cash gain on disposal of $10 million. As a result Coobina has been reclassified as a discontinued operation in the statement of comprehensive income and statement of cashflows for 2014, 2013 and 2012.
- Following the termination of the TMI agreement in August 2014, as a result of TMI's breaches and non-performance, the Company made a drawdown demand on the $50 million standby letter of credit and commenced arbitration proceedings in London in order to recover its losses. TMI commenced court proceedings in China and obtained a temporary injunction, alleging fraud in order to prevent payment under the standby letter of credit. The Company continues to contest this injunction in the Chinese courts with the intention of lifting it. The Company continues to pursue the arbitration proceedings in London.

Key Performance Indicators

Unaudited	Year Ended 31 December 2014	Year Ended 31 December 2013	% change
Manganese ore produced (dry kt)	3,194.5	3,443.8	(7.2%)
Manganese ore sales (dry kt)	2,786.1	3,606.8	(22.8%)
Average C1 manganese unit cash cost ($/dmtu)[1]	2.46	2.52	(2.4%)
Average manganese FOB Sales price ($/dmtu)	3.98	4.81	(17.3%)
Revenue ($ million)[4]	420.8	618.3	(31.9%)
Adjusted EBITDA ($ million)[2,4]	127.1	290.8	(56.3%)
'Cash' EBITDA ($ million)[2,4]	80.3	261.3	(69.3%)
(Loss) / profit for the period from continuing operations[4]	(7.3)	149.6	(104.9%)
	At 31 December 2014	**At 31 December 2013**	**% change**
Cash and cash equivalents ($ million)	82.1	219.9	(62.7%)
Gross debt ($ million)	(428.6)	(242.5)	76.7%
Gross debt excluding high yield bonds ($ million)	(44.0)	(14.3)	207.7%
Net debt ($ million)	(346.5)	(22.6)	1,433.2%

[1] Average C1 manganese unit cash cost represents the cash cost incurred at each processing stage from mining through to shiploading, divided by the total manganese dmtus produced. Included within the C1 manganese cash costs are an allocation of offsite, non-corporate and support services. Depreciation, government royalty payments, deferred stripping adjustments and stockpile movements are not included in the calculation.

[2] "Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss, non-cash inventory write-downs and exceptional items[3]. 'Cash' EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories. Adjusted EBITDA and Cash EBITDA are the key profitability measures used across the business and reflect performance in a consistent manner and in line with how the business is managed and measured on a day to day basis. Adjusted EBITDA and Cash EBITDA are not uniformly or legally defined measures and are not recognised under IFRS or any other generally accepted accounting principles. Other companies in the mining industry may calculate these measures differently and consequently, our presentation of Adjusted EBITDA and Cash EBITDA items may not be readily comparable to other companies' figures.

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

[4] Refer to note 6 of the Audited Consolidated Financial Statements.

Commenting on the results, David Slater (CFO of Consmin) said:

"During the year, Consmin delivered steady operational performance. Financial performance for the year, however, was substantially lower as a result of the combination of a difficult pricing environment, the termination of the TMI contract and its subsequent impact on the sales of Ghanaian ore.

Following the termination of the TMI agreement in August 2014, as a result of TMI's breaches and non-performance, the Company made a drawdown demand on the $50 million standby letter of credit and commenced arbitration proceedings in London in order to recover its losses. TMI obtained a temporary injunction in China, alleging fraud in order to prevent payment under the standby letter of credit. The Company continues to contest this injunction in the Chinese Courts with the intention of lifting it. The Company continues to pursue the arbitration proceedings in London.

Manganese C1 cash costs for year were $2.46/dmtu, a decrease of 2% from $2.52/dmtu for 2013 and 25% lower than the $3.28/dmtu seen for 2012. The reduction in the 2014 C1 cash costs was a positive achievement, considering the change in the Ghanaian production profile following the termination of the TMI contract, which led to an increase in mine site costs per unit. C1 cash costs in 2014 benefited from foreign exchange due to the impact of the relative weakening of the Australian dollar.

In May 2014, the Company successfully completed the issuance of $400 million in principal amount of 8.0% senior secured notes due 2020, thereby extending the maturity profile of the Group. The net proceeds of the issue were used in part to repurchase the remaining senior secured notes due 2016 with a further $250 million used to partially repay the shareholder loans.

Consmin is cautious in its expectation for 2015 due to weakening Chinese market sentiment in the manufacturing and steel sectors putting downward pressure on manganese alloys demand. Consmin held its prices stable in January 2015; however, the market prices decreased in February, and have remained under pressure since. The price declines in manganese ore are due in part to the combination of the depreciation of currencies in Australia and South Africa against the US dollar, lower fuel and freight costs, which have lowered operating and transporting costs for miners."

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; Pilbara Manganese 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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Mark Camaj, General Manager, Marketing
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Paul Muller, Managing Director, Australia
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Conference Call
There will be a conference call for analysts and bondholders, the details of which will be released on the Company website www.consmin.com.

Market, Economic and Industry Data
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 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 90% of end user demand for manganese, a non-substitutable additive used as both a deoxidizing and desulphurising agent. Steel production consumes various grades of manganese alloys, the intermediary product derived through the smelting of manganese oxide ore like that produced from our Woodie Woodie manganese mine in Australia.

Global steel production for 2014 rose by just over 1% year on year to 1.66 billion tonnes. Although China continued to be the major contributor on a tonnage added basis accounting for nearly 50% of global production, its growth slowed to 1% year on year to 823 million tonnes. As a result of continued growth in steel production and the decline in domestic manganese ore production, China's demand for imported manganese ore remained at a high level throughout the year, with imports of 16.1 million tonnes. This was, however, 3% down year on year compared to the 16.6 million tonnes imported in 2013 as a result of significant imports in Q4 2013.

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 our Nsuta manganese mine in Ghana.

Whilst robust demand for oxide ore from Chinese alloy producers has been apparent for over a decade, demand for carbonate manganese ore is a relatively new phenomenon, driven by the growth in stainless steel production. Chinese stainless steel production grew by a CAGR of 12.7% for the period 2009 to 2014, with China producing circa 50% of global stainless steel in 2014. The proportion of 200 series stainless steel relative to total stainless steel produced in the country exceeds 30%. Overexploitation of domestic carbonate ores to meet this growing demand has led to a decrease in reserves and declining of ore grades, leading EMM producers to seek alternative sources of supply, such as the ore produced from our Nsuta manganese mine. With the termination of the TMI long-term sales offtake contract (refer to the TMI paragraph in section 'Other' on page 8), Consmin is no longer restricted by the exclusivity for TMI as the only customer of Ghanaian ore in China and began marketing ore from Ghana to EMM and other producers in China from late September 2014.

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 its Australian and Ghanaian operations. Consequently, the price Consmin achieves is consistently higher than on a manganese content basis alone. In 2014, the company maintained its diverse customer base with shipments to customers in China, Ukraine, India, South Korea, Vietnam, Indonesia, Norway and Slovakia.

The company's manganese ore shipments totalled 2.8 million dry tonnes during 2014, a decrease of 23% compared to 3.6 million dry tonnes shipped during 2013. Our shipments of Australian manganese were 1.6 million dry tonnes in 2014, a slight increase year on year. Sales from Ghana were down 41% to 1.2 million dry tonnes compared to 2013; Ghana sales were adversely impacted by the termination of the (TMI) long-term sales offtake agreement, with shipments only being made to TMI in the first half of 2014.

The annual average price for manganese lump (CRU, 44%Mn CIF China) in 2014 was $4.56/dmtu, a decrease of 16% from $5.43/dmtu in 2013. In 2014 quarterly prices started the year at $5.25 and ended at $4.35/dmtu. Meanwhile, the monthly pricing for the company's WW46L ore from Australia started the year at US$5.70/dmtu and ended at US$4.60/dmtu CIF China.

In 2015 the Chinese government is expected to continue essential reforms and restructuring of the Chinese economy. Lower levels of growth are expected as availability of credit and stricter environmental controls are implemented. In the first quarter of 2015 Chinese market sentiment has weakened in the manufacturing and steel sectors putting downward pressure on manganese alloys demand. Consmin held its prices stable in January 2015; however the market prices decreased in February, and have remained under pressure since. Some of the drivers of the price declines in manganese ore are the depreciation of currencies in Australia and South Africa against the US dollar, lower fuel and freight costs, which have lowered operating and transporting costs for miners.

Update on marketing of Ghanaian ore

After the termination of the TMI agreement in August 2014 the company has held numerous meetings and a conference in southern China to market Ghanaian ore to Chinese EMM producers. These marketing efforts were focused on building brand awareness of Ghanaian ore and developing key potential off-take customers as these EMM producers currently rely almost entirely on domestic low grade carbonate ores for their manganese ore requirements. As domestic ores are depleting in both volume and grade as a result of a decade of excessive mining, Consmin is in a highly advantageous position to tap into the market that appreciates and values the unique characteristics of the Ghanaian ore. Ghanaian ore is very well suited for EMM production and will help many producers with the current shortages of carbonate ore required to maintain or grow EMM production, which is positively encouraged by local governments.

As noted in the Q3 2014 results, the company expected that following the termination of the TMI agreement it would take approximately six to nine months to develop key offtake arrangements and expand the range of customers, allowing time for EMM plants to become familiar with Ghanaian ore and adapt their processes to its usage. Despite the lower manganese content the achievable price for Ghanaian ore in the spot market is currently in line with the price for 38% South African semi-carbonate ores. Sales to EMM producers in southern China will result in a more diverse customer base and more stable sales environment.

Sales of bonded warehouse stocks
As a result of the termination of the TMI agreement in August 2014 three shipments originally scheduled for TMI prior to the termination were shipped from Ghana and placed in bonded warehouse in China. As part of the marketing of Ghanaian ore to date 74% of these volumes have been contracted principally to the targeted EMM producers in southern China.

Operational Review

Summary Overview	Year ended 31 December 2014	Year ended 31 December 2013	% change
Total mined (mBCM)	14.0	15.7	(10.8%)
Manganese ore produced (dry kt)	3,194.5	3,443.8	(7.2%)
Australia	*1,697.8*	*1,632.1*	*4.0%*
Ghana	*1,496.7*	*1,811.7*	*(17.4%)*
Manganese ore produced (mdmtu)	117.2	123.8	(5.3%)
Australia	*75.4*	*72.8*	*3.6%*
Ghana	*41.8*	*51.0*	*(18.0%)*
Manganese ore sales (dry kt)	2,786.1	3,606.8	(22.8%)
Australia	*1,614.5*	*1,608.7*	*0.4%*
Ghana	*1,171.6*	*1,998.1*	*(41.4%)*
Manganese ore sales (mdmtu)	105.4	128.5	(18.0%)
Australia	*72.3*	*71.9*	*0.6%*
Ghana	*33.1*	*56.6*	*(41.5%)*
Total capex – including exploration ($ million)	42.6	59.8	(28.8%)
Average unit cash cost ($/dmtu)	2.46	2.52	(2.4%)

Australia: Woodie Woodie

Overview
Woodie Woodie is located in the Pilbara region of Western Australia, approximately 400km south east of the town and port of Port Hedland. The Woodie Woodie tenements comprise of approximately 5,200km2 of exploration tenements and 100km2 of currently active mining corridor. The mine is serviced by modern infrastructure including an accommodation village, administration buildings, maintenance workshop facilities, power generation infrastructure, a sealed all-weather airstrip and a sealed public road which connects the mine to Port Hedland. Woodie Woodie's high grade manganese ore which is low in deleterious elements and Port Hedland's location proximate to key Asian markets represent key competitive advantages.

Safety
Consolidated Minerals is deeply saddened by the death of a contractor at its Woodie Woodie mine on 20 January 2015. The contractor was attempting to remove an engine under-guard from a bulldozer when the guard fell, crushing the contractor. The bulldozer was being used to clear land to provide access for exploration drilling. Investigations into the cause of the accident are continuing.

A total of seven relatively low severity recordable injuries occurred throughout 2014 resulting in a total recordable injury frequency rate of 7.3 at Woodie Woodie.

Production
The fourth quarter of 2014 concluded a year of ongoing performance improvement with mining and processing production stepping up from both the prior quarter and the corresponding period in 2013.

Total mining volumes for Q4 2014 were 2.5 million BCM, up 70% on the prior period and 39% on the corresponding period in 2013. Total mining volumes for the year totalled 7.2 million BCM, up 20% on 2013. This significant increase was the result of improved excavator productivities, improved utilisation of the mining fleet and the introduction of a third mining fleet in November 2014.

Ore was mined predominantly from the Greensnake, Paystar and Homestead pits during 2014, with production from Greensnake planned to cease in Q1 2015. Development of Woodie Woodie's next main large pit, Topvar, commenced in Q4 2014 and will continue throughout 2015. Ore supply from Topvar is expected in H2 2015.

Processing production was again strong during Q4 2014, with 440kt of ore produced with an average manganese content of 47.5%, an increase in production of 1% from the prior quarter and 10% from the corresponding period in 2013. This concluded a record year of production with an increase of 4% on 2013 to 1.70 million tonnes with an average manganese content of 44.4%.

Capital Expenditure
Capital expenditure in 2014 totalled $45.4 million, comprising of $17.6 million (2013: $11.0 million) on property, plant and equipment, inclusive of $14.2 million of assets acquired under hire purchase agreement, and $27.8 million on exploration and resource development.

Exploration and Resource Development
The 2014 exploration program comprised of 175.5km of RC drilling and 2.6km of diamond drilling. Drilling in 2014 focused largely in the mine corridor, following up on successful early phase drilling, exploring extensions to existing resources and ensuring resources which feature in the mine plan in the mid-term are 'mine-ready'. The 2014 program was the largest annual program the Company has conducted.

An update of the Company's Mineral Resources and Ore Reserves is in the final stages of preparation and is expected to be released by the end of April 2015. As at 31st December 2014, mineral resources and ore reserves totalled 50 million tonnes and 26 million tonnes respectively. This represents an increase in mineral resources of 17% and ore reserves of 29% from the previous statement dated 31 December 2013.

	Tonnes		Mn %		
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	Tonnes Movement
Total Reserves	25.5	19.8	29.9%	33.5%	29%
Total Resources	50.3	43.1	31.4%	31.9%	17%

As a result of the significant increase in ore reserves, the Company is pleased to report that the life of mine has increased to 8.9 years, based on current production rates. We are delighted by this result, which reaffirms the vast potential that remains at Woodie Woodie.
A full release of our mineral resources and ore reserves in accordance with the JORC Code reporting guidelines will be completed during Q2 2015.

Ghana: Ghana Manganese Company Limited ('GMC')

Overview
The GMC mine, also known as the Nsuta mine, comprises approximately 175km^2 of land in and around Nsuta in the Western Region of Ghana, of which the current active mining area is less than 3% of the total area. The Company's operations at GMC are located approximately 63km by rail or 92km by public tarred road from the port facilities at Takoradi. A 30 year mining lease 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 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 positive safety record at Nsuta was maintained throughout 2014, with no major reportable incidents or accidents in 2014. During the year a number of initiatives have been implemented to both maintain the positive trend and improve the safety performance of the business going forward.

Production
Production at GMC totalled 1.5 million tonnes of manganese ore during the year, representing a 17% decrease compared to the prior year. Following the termination of the TMI contract by Consmin, GMC introduced a cost restructuring program in order to align production volumes with revised projected sales for 2014 and 2015. Therefore, a stringent cost reduction exercise was implemented resulting in a substantial decrease in production hours as a consequence of changes in the shift patterns, reduction of the associated operational fleets and contract staff. Production during the year was from Pit C with a 30% decrease in total BCM mined compared to the prior year reflecting a combination of the reduced stripping ratio and the reduction in ore production as previously noted. The decrease in production was further impacted by an extended rainy season and power load shedding activities in country. In 2014 GMC de-watered Pit B in preparation for the start of ore production from this pit in 2015 and beyond.

Capital Expenditure
A total of $11.4 million (2013: $22.2 million) was spent on capital expenditure projects during the year. Out of this total, $4.4 million was spent on new mobile equipment, $3.5 million on critical spares and components for the mobile and fixed equipment, $2.1 million on departmental investments (mainly a new office building) and $1.4 million on exploration.

Exploration
During the year we undertook a successful exploration campaign at Pit A, contributing significantly to our mine planning data. A total of 8.8km was drilled. Infill drilling focused on the continued resource development of our main Pit C. Earlier drilling campaigns have identified further opportunities and confidence in and around Pits A, B and C.

A comparison of the 31st December 2014 Reserves and Resources to the previous Reserves and Resources results as of 30th June 2013 leads to the following results:

	Tonnes		Mn %		
	31 December 2014	**30 June 2013**	**31 December 2014**	**30 June 2013**	**Tonnes Movement**
Total Reserves	45.0	37.6	28.2%	27.2%	20%
Total Resources	101.3	101.3	26.8%	26.9%	-

The above indicates a further significant increase in Ghana reserve base (volume and grade) due to continued resource development of Pit A, B and C, and a better geological understanding that the mineralised ore bodies at depth.

According to the reserves and resources statements as of 31 December 2014 Nsuta is estimated to have a remaining life-of-mine of 22 years (2037), based on a production rate of 2.0 million tonnes per annum of manganese product with a total of 45.0 million tonnes reserves, at an average grade of 28.2%

Projects
The transhipping project started in February 2014 and after some initial challenges this now enables GMC to load cape sized vessels of up to 110kt.

The Carbonate Plant Extension (CPE) project was commissioned in late August 2014 and will enable increased production capacity and the ability to maintain production during maintenance periods.

The Oxide Project to process oxide feedstock held at site is on schedule with orders having being placed for the capital equipment required. It is anticipated that relatively small scale oxide ore production will commence in May 2015.

GMC acquired 100% of Hotopo Resources Limited (HRL) in September 2014. This acquisition provides Consmin with two prospecting licenses covering an area of 160km^2 in the South-West of Ghana, where there are known deposits of manganese as well as a general gold potential. An exploration program is designed to investigate the future manganese potential of this area, with some early feasibility work commenced in Q4 2014 and a planned program established for 2015.

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'). PIO's claim that it has earned an 80% ownership interest in one of the tenements is subject to court determination. A decision adverse to PIO was handed down in the Warden's Court on 16 September 2014. PIO has lodged an appeal in the Supreme Court of Western Australia against the Warden's decision. The appeal is likely to be heard in Q3 2015.

OM Holdings Limited ('OM Holdings')
OM Holdings is, primarily, a vertically integrated manganese marketing and mining company listed on the ASX (ticker: OMH). At 31 December 2014, the Company's holding in OM Holdings remained at 8.0%, as it was at 31 December 2013. The market value of the Company's holding in OM Holdings as at 31 December 2014 was $15.8 million.

Contractual dispute with TMI
As announced by the Company in August 2014, Ningxia Tianyuan Manganese Industry Co. Ltd ("TMI") breached the "Agreement relating to sales of Ghana Manganese Carbonate Ore" dated 12 December 2012 with Manganese Trading Limited ("MTL"), a wholly owned subsidiary of Consolidated Minerals Limited. According to this agreement MTL agreed to sell and TMI agreed to buy at least 1.2 million tonnes of ore annually for a period of ten years. As a result of TMI's breaches and non-performance, the agreement is now terminated and MTL will suffer loss and damage as a result.

The agreement provided MTL with two principal rights in respect to any unlawful termination by TMI: firstly, the right to draw down on a standby letter of credit in the amount of $50 million issued by the China Construction Bank and, secondly, the right to bring arbitration proceedings for damages arising from TMI's conduct.

MTL made a valid drawdown demand under the standby letter of credit, following which TMI launched court proceedings and obtained a temporary injunction in China to prevent the bank from paying the sum to MTL ("Ningxia Court Proceedings"). TMI obtained the injunction by alleging fraud in connection with the demand made under the LC. MTL regards this allegation as entirely baseless and is actively contesting the decision in the Chinese Courts.

Arbitration proceedings have also commenced against TMI in London in accordance with the terms of the agreement in order to recover losses arising from TMI's conduct.

In late December 2014, the People's High Court of the Ningxia Hui Autonomous Region determined that it had jurisdiction over the Ningxia Court Proceedings and in January 2015 MTL filed an appeal to the Supreme People's Court of China against the jurisdiction

decision. We continue to pursue the arbitration proceedings in London and vigorously protest against the standby LC injunction in the Chinese courts.

Sustainable Development

Consolidated Minerals aims to manage its social and environmental obligations in the regions and the communities in which it interacts to ensure that the potential impacts of its operations are monitored, understood, effectively managed and minimised.

The Company's broader social and environmental objectives aim to protect and preserve the communities in which we operate and minimise our impact on the environment, through the efficient use of resources and the minimisation and responsible management of waste. We seek to support viable options for the harnessing and use of renewable energy in our operations where those opportunities exist.

In Australia we engage with local indigenous communities who have traditional links to the areas and regions in which we operate, to help ensure the protection of their culture and heritage, and we support opportunities to share the economic benefits of our regional activities. Our indigenous employment programme seeks to provide equitable opportunities for individuals to develop careers in the mining industry wherever those opportunities are available.

In Ghana we have continued to make significant contributions to the social infrastructure, supporting many local communities through infrastructure development, alternative livelihood training and educational bursaries and scholarships.

People

The operational management decisions of the Group are made by the Group Executive Committee ('GEC').The GEC members are Mark Camaj (General Manager: Marketing), Jurgen Eijgendaal (Managing Director: Ghana), Paul Muller (Managing Director: Australia), Oleg Sheyko (CEO of Metals Solutions Limited) and David Slater (Executive Director and Chief Financial Officer).

Due to the current difficult trading environment the company has started to implement a number of additional cost-saving measures across the business. Further, due to the current state of the mining industry an IPO of the business is not on the agenda in the near future. As a result of these factors, the number of the Board members has recently reduced from six to four with Malcolm McComas and Peter Allen leaving the Board. The Company would like to thank both Malcolm and Peter for their significant contributions as Board members over the recent years.

Financial Review

Consolidated Statement of Comprehensive Income

$m	Year Ended 31 December 2014	31 December 2013[1]	31 December 2012[1]
Revenue	420.8	618.3	449.1
Cost of sales	(236.4)	(274.6)	(337.7)
Gross profit	184.4	343.7	111.4
Selling and distribution costs	(89.6)	(92.4)	(83.9)
General and administrative costs	(38.7)	(39.3)	(35.1)
Other operating income - net	2.5	5.8	5.9
Impairment expense	(3.8)	(21.2)	(16.2)
Settlement expense	-	(56.8)	-
Net foreign exchange (loss) / gain	(3.3)	(4.4)	2.7
Operating profit / (loss)	51.5	135.4	(15.2)
Presented as:			
Adjusted EBITDA	**127.1**	**290.8**	**33.2**
Depreciation and amortisation	(68.5)	(72.7)	(71.1)
Impairment expense	(3.8)	(21.2)	(16.2)
Settlement expense	-	(56.8)	-
Restructuring costs	-	(0.3)	(2.6)
Non-cash inventory NRV write-back	-	-	38.8
Net foreign exchange (loss) / gain	(3.3)	(4.4)	2.7
Operating profit / (loss)	51.5	135.4	(15.2)
Net financing costs	(49.0)	(28.1)	(33.8)
Share of profits of associated undertakings	-	9.6	12.5
Profit on disposal of associated undertakings	-	43.1	-
Profit on disposal of subsidiary company	-	-	0.8
Profit / (loss) before tax from continuing operations	2.5	160.0	(35.7)
Income tax charge	(9.8)	(10.4)	(8.8)
(Loss) / profit from continuing operations	(7.3)	149.6	(44.5)
Profit / (loss) from discontinued operations (attributable to owners of the parent company)	8.6	(4.4)	(4.1)
Profit / (loss) for the period	1.3	145.2	(48.6)

[1] Refer to note 6 of the Audited Consolidated Financial Statements.

Revenue

The consolidated revenue for the Group was $421 million, a decrease of 32% from $618 million in 2013 as a result of the combination of lower volumes sold and lower pricing partially offset by improved grades sold. Manganese volumes sold decreased by 23% to 2.8 million dry tonnes from 3.6 million dry tonnes in 2013, however volumes sold in dmtus only fell by 18% due to the increase in average grade sold from 35.6% to 37.8%. Sales tonnes from Australia were consistent with prior year whilst those from Ghana decreased by 41%, primarily due to the termination of the TMI contract.

The average price of our manganese ore sold decreased by 17% from $4.81/dmtu FOB in 2013 to $3.98/dmtu FOB in 2014 reflecting the reduction in the benchmark price over the same period.

Cost of Sales

The cost of sales for the Group decreased by 14% from $275 million in 2013 to $236 million in 2014. An analysis of the cost of sales is as follows:

$m	31 December 2014	Year Ended 31 December 2013[1]	31 December 2012 [1]
Manganese			
Mining and production expenses	178.3	190.3	241.6
Depreciation and amortisation	67.7	71.3	70.5
Royalties and other taxes	35.6	39.3	30.6
Deferred stripping	(37.1)	(21.9)	(14.1)
Net movement in inventories	(9.7)	(7.6)	45.7
Non-cash inventory NRV write back / down	-	-	(38.8)
Other	-	0.3	0.1
Total manganese cost of sales	**234.8**	**271.7**	**335.6**
Other cost of sales	1.6	2.9	2.1
Total cost of sales	**236.4**	**274.6**	**337.7**

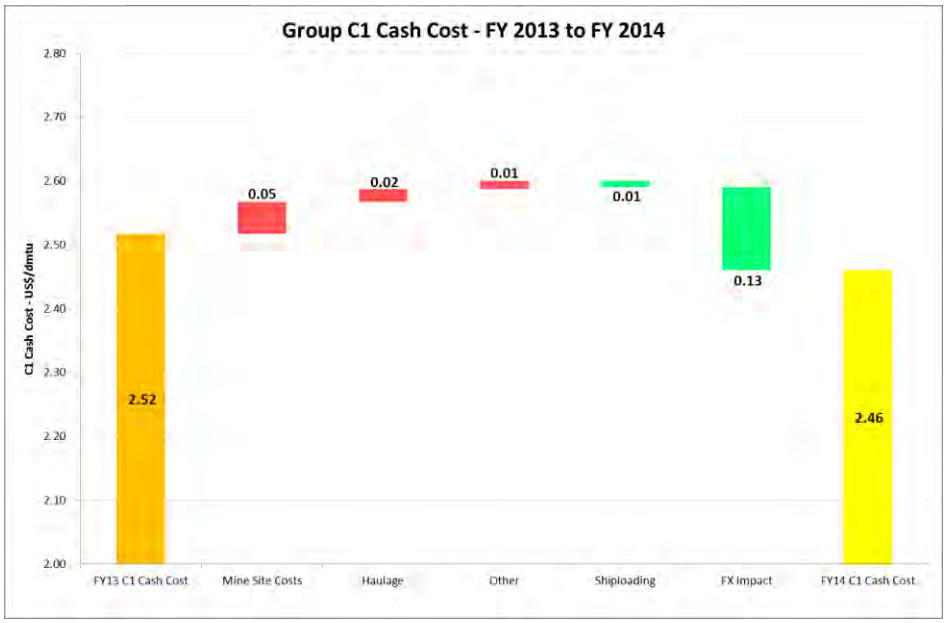
[1] Refer to note 6 of the Audited Consolidated Financial Statements.

Manganese cost of sales reduced by 14% from $272 million in 2013 to $235 million in 2014. The principal factors driving this $37 million reduction are as follows:

- A $15 million benefit as a result of an increase in the deferred stripping credit.
- A $12 million benefit from reduced mining and production costs reflecting foreign exchange benefits due to the relative weakening of the Australian dollar;
- A $4 million reduction in the depreciation and amortisation charge.
- A $4 million decrease in royalties, due to reduced volumes sold and lower pricing offset by additional royalty provision relating to previous periods in Australia; and
- A $2 million benefit in relation to net overall movement in inventories.

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 ship loading, divided by the total manganese dmtu produced. The average C1 unit cost of manganese production, on a "fully expensed" mining cost basis, was $2.46 for 2014, a decrease of 2% from $2.52/dmtu for 2013.

As the graph below shows there have been small increases in the underlying mine site costs and haulage costs significantly offset by benefits due to the foreign exchange impact of the relative weakening of the Australian dollar. The increase in mine site costs per unit is a result of the change in production plan in Ghana following the termination of the TMI contract in Q3 resulting in lower production volumes.



The C1 cash cost has continued to decrease from an average cost of $3.28/dmtu for 2012, $2.52/dmtu for 2013, to $2.46/dmtu for 2014 as a result of the continued successful implementation of efficiency programmes and the benefits of the relative weakening of the Australian dollar.

Gross Profit

Gross profit for the Group was $184 million, a decrease of 47% from $344 million in 2013. The gross profit margin was 44%, a decrease from 56%. The reduction in both gross profit and gross profit margin has been driven by lower manganese ore prices and the lost margin on the cancelled TMI contract offset by foreign exchange benefits from the relative weakening of the Australian dollar and the benefit of an increase in the deferred stripping credit.

Adjusted EBITDA and Cash EBITDA

Adjusted EBITDA and Cash EBITDA are calculated as follows:

$m	Year Ended 31 December 2014	31 December 2013 [1]	31 December 2012[1]
Operating profit / (loss)	**51.5**	**135.4**	**(15.2)**
Depreciation and amortisation	68.5	72.7	71.1
Impairment expense	3.8	21.2	16.2
Settlement expense	-	56.8	-
Restructuring costs	-	0.3	2.6
Non-cash NRV inventory write (back) / down	-	-	(38.8)
Net foreign exchange loss / (gain)	3.3	4.4	(2.7)
Adjusted EBITDA	**127.1**	**290.8**	**33.2**
Deferred stripping	(37.1)	(21.9)	(14.1)
Net movement in inventories	(9.7)	(7.6)	45.7
'Cash' EBITDA	**80.3**	**261.3**	**64.8**

[1] Refer to note 6 of the Audited Consolidated Financial Statements.

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment expense, net foreign exchange gain or loss, non-cash inventory write-downs and exceptional items. Cash EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories. Adjusted EBITDA and Cash EBITDA are the key profitability measures used across the whole business and reflect the performance in a consistent manner and in line with how the business is managed and measured on a day to day basis.

Adjusted EBITDA was $127 million, a decrease of $164 million from $291 million in 2013, primarily as a result of the following:

- A decrease in revenues of $198 million due to lower pricing and volumes sold;

Offset by:

- An increase in deferred stripping capitalised to the balance sheet of $15 million;
- A reduction in mining and production expenses of $12 million, in part due to the relative weakening of the Australian dollar;
- A reduction in royalties of $4 million due to lower revenues ;

Cash EBITDA has decreased by $181 million from $261 million in 2013 to $80 million in 2014 due to the reasons outlined above net of the adverse impact of a $15 million increase in the deferred stripping credit.

Other Key Items

Selling and distribution expenses decreased to $90 million in 2014 from $92 million in 2013 as a result of savings due to lower volumes hauled and shipped offset in part by an incremental shiploading cost per tonne in Ghana resulting from fixed costs being spread over lower volumes. General and administrative expenses decreased marginally compared to prior year.

The Group is subject to taxation in the jurisdictions in which it operates; primarily Australia and Ghana. The Parent Company is domiciled in Jersey and is subject to a corporate tax rate of 0%. The Group recognised an income tax charge in 2014 of $10 million, consistent with 2013. The tax charge in 2014 relates to an increase in the deferred tax liability recognised in Ghana.

Net financing costs are $49 million, an increase from $28 million in 2013 primarily as result of the following:

- An $11 million cost in 2014 relating to the premium paid on the early redemption of the remaining senior secured notes due 2016.
- A $6 million cost in 2014 relating to expensing of the remaining capitalised costs relating to the early redemption of the 2016 senior secured notes.
- An increase in costs of $4 million as a result of increased borrowings following the issue of $400 million of 8% senior secured notes due 2020 and the redemption in the year of the remaining 2016 senior secured notes.

During the year the Company transferred the Coobina tenement assets and rehabilitation liabilities to PMI as part settlement of the liability arising in 2013 from the termination of the Super Fines Agreement. The book value of Coobina upon transfer was a net liability of $3 million and the asset transfer has generated a non cash gain of $10 million in 2014. The gain has been included in the profit from discontinued operations in the statement of comprehensive income.

Profit for the Period

The Group has recognised a loss from continuing operations in 2014 of $7 million compared to a profit of $150 million in 2013.

Condensed Consolidated Statement of Financial Position

$m	As at 31 December 2014	31 December 2013
Cash and cash equivalents	82.1	219.9
Other current assets	122.2	123.6
Non-current assets	503.7	501.6
Total assets	708.0	845.1
Current borrowings	(29.7)	(4.7)
Non-current borrowings	(398.9)	(237.8)
Other current liabilities	(52.9)	(109.3)
Other non-current liabilities	(101.7)	(95.4)
Total liabilities	(583.2)	(447.2)
Net Assets	124.8	397.9

Cash and Cash Equivalents

Cash and cash equivalents at 31 December 2014 was $82 million, a decrease of $138 million from $220 million at 31 December 2013. This decrease is mainly as a result of cash net outflows of $113 million from bond refinancing activity including a $250 million repayment of shareholder loan, $40 million paid to PMI in settlement of the Super Fines Agreement, and capital expenditure of $43 million, partially offset by positive cashflow from operations.

Borrowings

Current borrowings have increased to $30 million at 31 December 2014 from $5 million at 31 December 2013 as a result of the utilisation of the Ghanaian overdraft facility and an increase in hire purchase borrowings. Non-current borrowings have increased to $399 million at 31 December 2014 from $238 million at 31 December 2013 as a result of the redemption of the outstanding senior secured notes due 2016 and the issue of $400 million (in principal amount) of 8% senior secured notes due 2020, and an increase in hire purchase borrowings.

Guarantor Group

During the year ended 31 December 2014, the Guarantors of the senior secured notes represented 100% (31 December 2013: 100%) of our consolidated revenues and 85.5% (31 December 2013: 83.5%) of our consolidated EBITDA. As of 31 December 2014, the Guarantors represented 65.8% of our consolidated total assets (31 December 2013: 73.4%). As of 31 December 2014, the non-guarantor subsidiaries have $22.6 million of indebtedness outstanding (31 December 2013: $nil). The unrestricted subsidiaries are not significant subsidiaries and therefore not material to the Group. As a result, separate financial details have not been disclosed.

Condensed Consolidated Statement of Cash Flows

$m	Year Ended 31 December 2014	31 December 2013	31 December 2012
Cash inflow from continuing operating activities	31.8	254.4	55.9
Cash (outflow) / inflow from continuing investing activities	(42.6)	63.1	(39.2)
Cash (outflow) / inflow from continuing financing activities	(149.3)	(164.5)	(81.4)
(Decrease) / increase in cash and cash equivalents from continuing activities	(160.1)	153.0	(64.7)
(Decrease) / increase in cash and cash equivalents from discontinuing activities	(0.9)	8.3	0.8
Net (decrease) / increase in cash and cash equivalents	**(161.0)**	**161.3**	**(63.9)**
Cash and cash equivalents at the beginning of the period	219.9	73.9	138.1
Exchange gains / (losses) on cash and cash equivalents	0.6	(15.3)	(0.3)
Cash and cash equivalents at the end of the year	**59.5**	**219.9**	**73.9**

Cash Flows and Liquidity

Net cash generated from operating activities from continuing operations amounted to $32 million in 2014 compared to $254 million in 2013, a decrease of $222 million. This decrease in operating cash flow was a result of reduced revenue from the weaker pricing environment for manganese ore and payment of $40 million to PMI representing the settlement of the Super Fines Agreement.

The net cash outflow from investing activities was $43 million in 2014 compared to cash generated of $63 million 2013, a decrease of $106 million. The reduction is mainly as a result of the $102 million proceeds from the sale of investment in associate in 2013.

The net cash outflow from financing activities was $149 million in 2014 compared to a net cash outflow of $165 million in 2013. The cash outflow in 2014 is the net impact of the repurchase of the 2016 senior secured notes and issue of the 2020 senior secured notes and the related bond interest and repayment of shareholder loan. In 2013 the cash outflow relates principally to the repurchase of the 2016 senior secured notes and related bond interest.

As a result total cash and cash equivalents net of overdrafts decreased from $220 million at 31 December 2013 to $60 million at 31 December 2014. The Group is forecasting to continue to generate positive operating cash flows going forward.

Included in the cash balance at 31 December 2014 was an amount of $13.5 million (2013: $15.6 million) which was pledged to secure the issuance of performance bonds to the Department of Mines and Petroleum of Western Australia which guaranteed the entities' compliance with the rehabilitation and restoration conditions of Mining Licences. Following the implementation of the Mining Rehabilitation Fund in Western Australia those performance bonds have now been returned to the Company and the related cash balance was released in February 2015.

The liquidity position of the Group is further supported by circa $16 million of the marketable securities held that could be converted to cash if such a need arose.

Company Registered Number 100396

Consolidated Minerals Limited

Directors' Report and Audited Consolidated Financial Statements

For the Year Ended 31 December 2014

Index to the Consolidated Financial Statements

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Directors' report

For the year ended 31 December 2014

The directors present the audited consolidated financial statements for the year ended 31 December 2014.

Incorporation

Consolidated Minerals Limited (the "Company") was incorporated in Belize in 2004 and redomiciled to Jersey in 2008.

Principal activities

The consolidated statement of comprehensive income for the year is set out on page 21. The principal activities of the Company and its subsidiaries are the exploration, mining, processing and sale of manganese ore.

Directors' responsibilities statement

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS").

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the profit and loss for that year.

In preparing those financial statements the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue the business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors

The directors during the year and to the date of this report were as follows:

Mr Peter Allen (resigned 28th February 2015)
Mr Vyacheslav Anishchenko
Mr Steven Bowen
Mr Andreas Marangos
Mr Malcolm McComas (resigned 2nd March 2015)
Mr David Slater

Andreas Marangos (a director of the Company) holds 9,999,000 of the Company's ordinary shares and the remaining 1,000 ordinary shares are held by Grizal Enterprises Limited ('Grizal'), a related party in which Gennady Bogolyubov has a 100% interest. Both Andreas Marangos and Grizal hold the shares as trustees for Gennady Bogolyubov, the sole ultimate beneficial owner of the shares of the Issuer.

Results for the year

During the year the Company made a profit for the year of $1.3 million (2013: $145.2 million). This profit has been applied to accumulated losses.

Dividends

The Company did not pay a dividend during the year ending 31 December 2014 (2013: $nil).

Secretary
The secretary of the Company is Mr David Slater.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Registered office:

Commercial House
3 Commercial Street
St Helier
Jersey
JE2 3RU

By Order of the Board

David Slater
Executive Director and CFO

Date: 5 March 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONSOLIDATED MINERALS LIMITED

REPORT ON THE GROUP FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs"); and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

This opinion is to be read in the context of what we say below.

WHAT WE HAVE AUDITED

The Group financial statements for the year ended 31 December 2014, which are prepared by Consolidated Minerals Limited, comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the consolidated statement of comprehensive income for the year ended;
- the consolidated statement of cash flows for the year ended;
- consolidated statement of changes in equity for the year; and
- the notes to the financial statements, which include a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTER

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies (Jersey) Law 1991, we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Jason Burkitt
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 March 2015

Consolidated statement of comprehensive income

$m	Note	Years ended 31 December 2014	2013 Restated[1]	2012 Restated[1]
Revenue	8	420.8	618.3	449.1
Cost of sales	9	(236.4)	(274.6)	(337.7)
Gross profit		184.4	343.7	111.4
Selling and distribution costs	10	(89.6)	(92.4)	(83.9)
General and administrative costs	11	(38.7)	(39.3)	(35.1)
Other operating income – net	12	2.5	5.8	5.9
Impairment	14	(3.8)	(21.2)	(16.2)
Settlement expense	15	-	(56.8)	-
Net foreign exchange (loss) / gain	13	(3.3)	(4.4)	2.7
Operating profit / (loss)		51.5	135.4	(15.2)
Presented as:				
Adjusted EBITDA		**127.1**	**290.8**	**33.2**
Depreciation and amortisation	21	(68.5)	(72.7)	(71.1)
Impairment expense	14	(3.8)	(21.2)	(16.2)
Settlement expense	15	-	(56.8)	-
Restructuring costs		-	(0.3)	(2.6)
Non-cash inventory NRV write back		-	-	38.8
Net foreign exchange (loss) / gain	13	(3.3)	(4.4)	2.7
Operating profit / (loss)		**51.5**	**135.4**	**(15.2)**
Finance income	18	0.9	3.7	5.2
Financing costs	18	(49.9)	(31.8)	(39.0)
Net financing costs		(49.0)	(28.1)	(33.8)
Share of profits of associated undertakings	19	-	9.6	12.5
Gain on disposal of associated undertakings	19	-	43.1	-
Gain on disposal of subsidiary company		-	-	0.8
Profit / (loss) before tax from continuing operations		2.5	160.0	(35.7)
Income tax charge	20	(9.8)	(10.4)	(8.8)
(Loss) / profit for the year from continuing operations		(7.3)	149.6	(44.5)
Profit / (loss) for the year from discontinued operations (attributable to owners of the parent)		8.6	(4.4)	(4.1)
Profit /(loss) for the period		1.3	145.2	(48.6)
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Revaluation of available-for-sale financial assets	33	0.1	4.4	(4.7)
Net foreign currency translation differences	33	(23.0)	(57.8)	4.4
Income tax credit / (charge) on other comprehensive income	20	0.1	(0.1)	0.6
Other comprehensive (cost) / income for the year, net of tax		(22.8)	(53.5)	0.3
Total comprehensive (cost) / income for the year		(21.5)	91.7	(48.3)
Profit / (loss) attributable to:				
Owners of the parent company		1.0	143.5	(49.1)
Non-controlling interest		0.3	1.7	0.5
Profit / (loss) for the year		1.3	145.2	(48.6)
Total comprehensive (cost) / income attributable to:				
Owners of the parent company		(21.8)	90.0	(48.8)
Non-controlling interest		0.3	1.7	0.5
Total comprehensive (cost) / income for the year		(21.5)	91.7	(48.3)

[1]Refer to note 6 of the Audited Consolidated Financial Statements.

The notes on pages 25 to 58 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

$m	Note	As at 31 Dec 2014	As at 31 Dec 2013
Non-current assets			
Property, plant and equipment	21	336.6	332.4
Intangible assets	22	85.4	82.7
Goodwill	23	28.9	28.9
Available-for-sale financial assets	25	16.4	17.8
Trade and other receivables	26	-	0.2
Deferred tax asset	20	36.4	39.6
		503.7	**501.6**
Current assets			
Inventories	24	70.6	65.8
Trade and other receivables	26	48.6	57.4
Income tax receivable		3.0	0.4
Cash and cash equivalents	27	82.1	219.9
		204.3	**343.5**
Current liabilities			
Borrowings	28	(29.7)	(4.7)
Trade and other payables	29	(46.0)	(52.6)
Provisions	30	(6.9)	(56.7)
		(82.6)	**(114.0)**
Net current assets		**121.7**	**229.5**
Non-current liabilities			
Borrowings	28	(398.9)	(237.8)
Trade and other payables	29	(5.9)	(5.8)
Provisions	30	(57.9)	(53.0)
Deferred tax liabilities	20	(37.9)	(36.6)
		(500.6)	**(333.2)**
Net assets		**124.8**	**397.9**
Attributable to the equity shareholders of the parent company			
Share capital	31	10.0	10.0
Share premium	31	194.7	194.7
Subordinated shareholder loans treated as equity	32	737.5	966.2
Reserves	33	(49.9)	(27.1)
Accumulated losses	34	(780.5)	(760.2)
Total equity attributable to equity holders of the parent company		**111.8**	**383.6**
Non-controlling interests	38	13.0	14.3
Total equity		**124.8**	**397.9**

The notes on pages 25 to 58 are an integral part of these consolidated financial statements.

These consolidated financial statements on pages 21 to 58 were authorised for issue by the Board of Directors on 5 March 2014 and were signed on its behalf.

David Slater
Executive Director / CFO

Steven Bowen
Director

Consolidated statement of changes in equity

	Attributable to equity owners of the parent Company							
$m	Share capital	Share premium	Shareholder equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	10.0	194.7	966.2	(27.1)	(760.2)	383.6	14.3	397.9
Profit for the year	-	-	-	-	1.0	1.0	0.3	1.3
Revaluation of available-for-sale financial assets	-	-	-	0.1	-	0.1	-	0.1
Repayment of shareholder loans	-	-	(250.0)	-	-	(250.0)	-	(250.0)
Foreign currency translation differences	-	-	21.3	(23.0)	(21.3)	(23.0)	-	(23.0)
Income tax on other comprehensive income	-	-	-	0.1	-	0.1	-	0.1
Dividend paid	-	-	-	-	-	-	(1.6)	(1.6)
Balance at 31 December 2014	10.0	194.7	737.5	(49.9)	(780.5)	111.8	13.0	124.8

	Attributable to equity owners of the parent Company							
$m	Share capital	Share premium	Shareholder equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	10.0	194.7	966.2	26.4	(903.7)	293.6	13.1	306.7
Profit for the year	-	-	-	-	143.5	143.5	1.7	145.2
Revaluation of available-for-sale financial assets	-	-	-	4.4	-	4.4	-	4.4
Foreign currency translation differences	-	-	-	(57.8)	-	(57.8)	-	(57.8)
Income tax on other comprehensive income	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Dividend paid	-	-	-	-	-	-	(0.5)	(0.5)
Balance at 31 December 2013	10.0	194.7	966.2	(27.1)	(760.2)	383.6	14.3	397.9

	Attributable to equity owners of the parent Company							
$m	Share capital	Share premium	Shareholder equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
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 year	-	-	-	-	(49.1)	(49.1)	0.5	(48.6)
Revaluation of available-for-sale financial assets	-	-	-	(4.7)	-	(4.7)	-	(4.7)
Foreign currency translation differences	-	-	-	4.4	-	4.4	-	4.4
Income tax on other comprehensive income	-	-	-	0.6	-	0.6	-	0.6
Dividend paid	-	-	-	-	-	-	(1.0)	(1.0)
Disposal of subsidiary company	-	-	-	-	-	-	(0.6)	(0.6)
Balance at 31 December 2012	10.0	194.7	966.2	26.4	(903.7)	293.6	13.1	306.7

The notes on pages 25 to 58 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

$m	Note	Years ended 31 December 2014	2013 Restated[1]	2012 Restated[1]
Cash flow from operating activities				
Profit before tax		2.5	160.0	(35.7)
Adjustments to add / (deduct) non-cash items:				
Depreciation and amortisation		68.5	72.7	71.1
Deferred stripping		(37.1)	(21.9)	(14.1)
Impairment expense		3.8	21.2	16.2
Non-cash inventory NRV write-back		-	-	(38.8)
Loss / (gain) on sale of property, plant and equipment		1.4	1.2	(1.2)
Settlement expense		-	56.8	-
Share of profits of associated undertakings		-	(9.6)	(12.5)
Gain on disposal of associated undertakings		-	(43.1)	-
Gain on disposal of subsidiary company		-	-	(0.8)
Net foreign exchange loss / (gain)		3.3	4.4	(2.7)
Net financing costs		49.0	28.1	33.8
Working capital adjustments:				
(Increase) / decrease in inventories		(10.2)	(2.0)	50.4
Decrease / (increase) in receivables		7.1	2.6	15.7
Decrease in payables		(5.7)	(2.4)	(15.4)
Decrease in provision for contractual obligations		(39.7)	-	-
Net movement in working capital		(48.5)	(1.8)	50.7
Income taxes paid		(11.1)	(13.6)	(10.1)
Net cash generated from continuing operating activities		31.8	254.4	55.9
Net cash generated from discontinued operating activities		(0.9)	8.5	2.1
Net cash generated from operating activities		30.9	262.9	58.0
Cash flow from investing activities				
Payments for development expenditure		(19.6)	(14.5)	(7.9)
Purchase of property, plant and equipment		(13.4)	(33.4)	(17.2)
Proceeds from sale of property, plant and equipment		0.2	9.6	1.5
Payments for mineral exploration and evaluation expenditure		(9.6)	(11.7)	(11.2)
Interest received		0.9	1.9	1.7
Proceeds from dividends received		-	9.7	3.9
Proceeds from sale of associated undertakings		-	101.5	-
Proceeds from disposal of subsidiary company, net of cash disposed		-	-	5.1
Payments for investment in subsidiary company		(1.1)	-	-
Payments for investments in associates		-	-	(15.1)
Net cash (outflow) / inflow from continuing investing activities		(42.6)	63.1	(39.2)
Net cash outflow from discontinued investing activities		-	(0.2)	(1.3)
Net cash (outflow) / inflow from investing activities		(42.6)	62.9	(40.5)
Cash flow from financing activities				
Proceeds from related party borrowings		-	-	2.6
Repayments of shareholder loan treated as equity		(250.0)	-	-
Interest paid		(28.8)	(30.4)	(35.7)
Dividends paid to non-controlling interest		(1.6)	(0.5)	(1.0)
Net proceeds from issue of senior secured notes		383.1	-	-
Payments for repurchase of senior secured notes		(245.6)	(127.7)	(18.5)
Repayment of hire purchase borrowings		(6.4)	(5.9)	(6.5)
Proceeds from stockpile funding		-	-	89.0
Repayment of stockpile funding		-	-	(111.3)
Net cash outflow from financing activities of continuing operations		(149.3)	(164.5)	(81.4)
Net cash outflow from financing activities of discontinued operations		-	-	-
Net cash outflow from financing activities		(149.3)	(164.5)	(81.4)
Net (decrease) / increase in cash and cash equivalents from continuing operations		(160.1)	153.0	(64.7)
Net (decrease) / increase in cash and cash equivalents from discontinued operations		(0.9)	8.3	0.8
Net (decrease) / increase in cash and cash equivalents		(161.0)	161.3	(63.9)
Cash and cash equivalents at the beginning of the period	27	219.9	73.9	138.1
Exchange gains / (losses) on cash and cash equivalents		0.6	(15.3)	(0.3)
Cash and cash equivalents at the end of the period	27	59.5	219.9	73.9

As at 31 December 2014 there was a capital creditor of $1.8m relating to the acquisition of property, plant and equipment.
The notes on pages 25 to 58 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1. General information

Consolidated Minerals Limited (formerly Palmary Enterprises Limited) ('the Company') was incorporated in Belize, in 2004 and redomiciled to Jersey in 2008. The address of its registered office is Commercial House, 3 Commercial Street, St Helier, Jersey JE2 3RU.

The principal activities of the Company and its subsidiaries (the 'Group') are the exploration, mining, processing and sale of manganese ore. The Group's operations are primarily conducted through four major operating/trading subsidiaries; Consolidated Minerals Holdings (Australia) Pty Limited, Ghana Manganese Company Limited, Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

The financial statements of the Group and the Company for the year ended 31 December 2014 were approved and authorised for issue by the Board of Directors on 5 March 2015.

2. Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The basis of preparation describes how the financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale assets which have been measured at fair value.

All amounts are presented in US dollars and are rounded to the nearest $0.1 million, unless otherwise stated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(b) Going concern

The financial statements have been prepared on a going concern basis. The Group recorded a profit of $1.3 million in the current year. During the current year the Group generated a positive operating cash flow of $30.9 million. The Group's cash forecasts, taking account of reasonably possible changes in trading performance, demonstrate a sufficient level of liquidity and debt facility headroom for the next 12 months from the date of signing this report. The Group has positive net assets of $124.8 million as at 31 December 2014.

After making due and careful enquiry, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

(c) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

On acquisition of a subsidiary, the purchase consideration is allocated to the assets, liabilities and contingent liabilities on the basis of their fair value at the date of acquisition. The excess of the cost of the acquisition over the fair value of the Group's share of identifiable net assets of the subsidiary acquired is recognised as positive goodwill. Negative goodwill arises where the fair value of the Group's share of identifiable net assets of the subsidiary exceeds the cost of the acquisition. Negative goodwill is recognised directly in the statement of comprehensive income.

The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the subsidiary are attributed to the parent and the non-controlling interest in the absence of explicit agreements to the contrary.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying

value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant interest, any retained interest in the entity is remeasured to fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(d) New and amended standards and interpretations effective in 2014

- IFRIC 21 Levies: In May 2013, IASB issued IFRIC 21 Levies, which sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to the recognition of a liability to pay a levy. We performed an assessment of the impact of IFRIC 21 and concluded it did not have a significant impact on our consolidated financial statements.

(f) New Standards and revisions to existing standards issued that are not yet effective

IFRS 9 *Financial Instruments: Classification and Measurement*: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognistion and Measurement. The mandatory effective date of IRFS 9 would be annual periods beginning on or after 1 January 2018 with early adoption permitted. We are currently assessing the impact of adopting IFRS 9 on our consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*: In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after 1 January 2017 with earlier application permitted. We are currently assessing the impact on our consolidated financial statements along with timing of our adoption of IFRS 15.

(g) Comparatives

Where applicable, comparatives have been prepared on the same basis as current period figures. The prior period comparatives have been restated to exclude discontinued operations in relation to the Chromite business. For the quantitative impact of discontinued operations on the prior period consolidated financial statements, please refer to the tables below.

Adjustments to the consolidated statement of income in relation to discontinued operations:

For the year ended 31 December **$m**	**2013** **(previously stated)**	**Less** **Discontinued** **Operations[1]**	**2013** **(restated)**
Revenue	687.7	69.4	618.3
Cost of sales	(333.1)	(58.5)	(274.6)
Selling and distribution costs	(112.0)	(19.6)	(92.4)
General and administrative costs	(39.5)	(0.2)	(39.3)
Net foreign exchange loss	(3.2)	1.2	(4.4)
Financing cost	(31.9)	(0.1)	(31.8)
Income tax (expense) / credit	(7.0)	3.4	(10.4)
Loss for the period from discontinued operations		**(4.4)**	

For the year ended 31 December $m	2012 (previously stated)	Less Discontinued Operations[1]	2012 (restated)
Revenue	554.1	105.0	449.1
Cost of sales	(422.4)	(84.7)	(337.7)
Selling and distribution costs	(112.4)	(28.5)	(83.9)
General and administrative costs	(35.1)	-	(35.1)
Other operating income	6.0	0.1	5.9
Net foreign exchange gain	2.9	0.2	2.7
Finance expense	(39.1)	(0.1)	(39.0)
Income tax expense	(4.9)	3.9	(8.8)
Loss for the period from discontinued operations		**(4.1)**	

Adjustments to the consolidated statement of cashflows in relation to discontinued operations:

For the year ended 31 December $m	2013 (previously stated)	Less Discontinued Operations[1]	2013 (restated)
Profit before tax	152.2	(7.8)	160.0
Adjusted for the following items:			
Depreciation	86.2	13.5	72.7
Net foreign exchange gain	3.2	(1.2)	4.4
Net financing costs	28.2	0.1	28.1
Decrease / (increase) in inventories	3.2	5.2	(2.0)
Decrease / (Increase) in receivables	12.0	9.4	2.6
Increase in payables	(13.1)	(10.7)	(2.4)
Net cash generated from operating activities		8.5	
Purchase of property, plant and equipment	(33.6)	(0.2)	(33.4)
Net cash inflow from investing activities		(0.2)	
Net increase in cash and cash equivalents		**8.3**	

For the year ended 31 December $m	2012 (previously stated)	Less Discontinued Operations[1]	2012 (restated)
Profit before tax	(43.7)	(8.0)	(35.7)
Adjusted for the following items:			
Depreciation	86.8	15.7	71.1
Non-cash inventory NRV write (back) / down	(46.8)	(8.0)	(38.8)
Net foreign exchange (gain)/loss	(2.9)	(0.2)	(2.7)
Net financing costs	33.9	0.1	33.8
Decrease / (increase) in inventories	52.1	1.7	50.4
Decrease / (Increase) in receivables	14.2	(1.5)	15.7
Increase in payables	(13.1)	2.3	(15.4)
Net cash generated from operating activities		2.1	
Payments for development expenditure	(8.3)	(0.4)	(7.9)
Purchase of property, plant and equipment	(18.1)	(0.9)	(17.2)
Net cash inflow from investing activities		(1.3)	
Net increase in cash and cash equivalents		**0.8**	

[1]Refer to note 6

(h) Changes in accounting policies

There have been no material changes in accounting policies. All accounting policies have been consistently applied.

3. Summary of significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied.

(a) Foreign currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates.

Transactions in currencies other than the functional currency are initially translated into the functional currency at the rate prevailing at the date of transaction. Financial assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates. Exchange gains and losses on settlement of foreign currency transactions translated at the rate prevailing at the date of the transactions, or the translation of financial assets and liabilities at year end exchange rates, are taken to the statement of comprehensive income.

The consolidated financial statements are presented in US dollars (USD) which is the functional currency of the Company and the presentation currency for these consolidated financial statements. The functional currencies of Consolidated Minerals (Australia) Pty Limited are Australian dollars (AUD) and that of Ghana Manganese Company Limited (Ghana), Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey) are USD.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into US dollars at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Exchange differences arising, on the translation of the net assets of entities with functional currencies other than the US dollar, are recorded in other comprehensive income and transferred to the Group's foreign currency translation reserve.

Exchange gains and losses which arise on balances between Group entities are taken to the foreign currency translation reserve where the intragroup balance is not expected to be settled in the foreseeable future and is, in substance, part of the Group's net investment in the entity.

The following foreign exchange rate against the USD has been used in the preparation of the consolidated financial statements:

	31 December 2014	Average 2014	31 December 2013	Average 2013	31 December 2012	Average 2012
Australian dollar	0.8156	0.9024	0.8873	0.9683	1.0371	1.0355
British Pound	1.5532	1.6476	1.6488	1.5643	1.6153	1.5847

(b) Revenue recognition

Revenue comprises sales to third parties at invoiced amounts, with most sales being priced free on board (f.o.b.) or cost, insurance and freight (c.i.f.). Revenue excludes any applicable sales taxes. Revenue is only recognised on individual sales when evidence exists that all of the following criteria are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

These conditions are generally satisfied when title passes to the customer. In most instances sales revenue is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it will be shipped, the destination port or the customer's premises.

Revenue is commonly subject to adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognised on a provisional basis using the Group's best estimate and adjusted subsequently.

(c) Finance income and costs

Finance income is recognised as earned on an accruals basis using the effective interest method in the statement of comprehensive income. Finance income comprises interest income on funds invested and gains and income on investment securities. Finance costs comprise interest expense on borrowings and finance leases, the accumulation of interest on provisions and interest expense from the unwinding of discount on provisions for asset retirement obligations.

(d) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

(e) Dividends

Dividends paid are recognised through equity in the period in which they are approved by the shareholders of the Company. Dividends received from available for sale financial assets are recognised through the income statement when received.

(f) Finance leases and hire purchase commitments

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased items, are capitalised at the inception of the lease. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The capital elements, net of finance charges, of future obligations under finance leases and hire purchase contracts are included as current or long-term payables in the statement of financial position, as appropriate. Lease payments are apportioned between the finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income. Capitalised lease assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

(g) Operating leases

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments, including those on expected termination, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. For operating leases relating to the use of mining facilities, rental expense is recognised in cost of sales. For operating leases relating to the use of administrative facilities, rental expense is recognised in general and administrative expenses in the statement of comprehensive income.

(h) Borrowing costs

Borrowing costs are expensed as incurred except for interest directly attributable to the acquisition, construction or production of an asset, which necessarily takes a substantial period of time to get ready for its intended use, in which case they are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised up to the date when the project is completed and ready for its intended use. To the extent that funds are borrowed specifically for the construction of an asset, the amount of borrowing costs eligible for capitalisation is determined at the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of constructing an asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing cost incurred during that period. Other borrowing costs are recognised as expenses when incurred.

(i) Investments in associates

An associate is an entity in which the Group has significant influence but not control and which is neither a subsidiary nor a joint venture. The Group's investments in associates are accounted for under the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of comprehensive income.

(j) Property, plant and equipment

Property, plant and equipment and capital works in progress are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated using either the straight line method or the diminishing valued method at a percentage rate that approximates to the estimated useful life of the asset using the following ranges:

- Office future and equipment (owned and leased)	20% - 50% diminishing value method
- Motor vehicles (owned and leased)	20% - 33% diminishing value method
- Mining plant and equipment (owned)	20% - 33% diminishing value method
- Residential and industrial buildings	5% diminishing value method

Depreciation for mining plant and equipment (leased) is calculated on the shorter of the lease period or units of production basis.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Under IAS 16 - Property, Plant and Equipment, spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment and will be used for more than one period.

Property (Infrastructure) and Mining Properties

Property (infrastructure) and mining properties are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item and bringing the asset into operation. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Accumulated mine development costs are depreciated on a units-of-production basis over the estimated useful life of the asset, or over the remaining life of the mine if shorter.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(k) Deferred stripping

In open pit mining operations, it is necessary to remove overburden and other waste in order to access the ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalised as open pit mine development costs and depreciated once the open pit has entered production and the future economic benefit is being derived.

Stripping costs incurred during the production stage of a pit are accounted for as costs of the inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide a future economic benefit to an identifiable component of the ore body.

Production phase stripping costs generate a future economic benefit when the related stripping activity:

(i) improves access to a component of the ore body to be mined in the future;
(ii) increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; and
(iii) increases the productive capacity or extends the productive life of the mine (or pit).

A "component" is a specific volume of the ore body that is made more accessible by stripping activity. Factors including the nature of the ore body, the design of the pit and the mine plan are used to determine whether individual pits should be considered as multiple components.

Production phase stripping costs that are expected to generate a future economic benefit are capitalised as open pit mine development costs and depreciated on a units of production basis.

(l) Intangible Assets - Intangible Assets

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest. Once the area of interest is determined, the related costs are capitalised. Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These acquisition costs are capitalised until the viability of the area of interest is determined.

If no mineable ore body is discovered, capitalised acquisition costs are tested for impairment and then expensed in the period in which it is determined that the area of interest has no future economic value.

When the decision to proceed to development is made, all costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

When mining commences, these costs are amortised over the life of the mine. Capitalised amounts for an area of interest are subject to normal impairment testing and may be written down if discounted future cash flows related to the area of interest are projected to be less than its carrying value.

(m) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition.

Goodwill is tested annually for impairment as part of the impairment review of the cash generating unit to which it is associated, or more frequently where there is an indication that the unit is impaired.

(n) Impairment of non-current assets

The carrying amounts of assets subject to depreciation or amortisation are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount.

An impairment review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level. If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of assets is the greater of their value in use and fair value less costs to dispose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Financial assets

Recognition

Financial assets are initially recognised at fair value plus attributable transaction costs and are recognised on the trade date – the date on which the Group commits to purchase the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group's financial assets include cash and short term deposits, trade and other receivables and quoted financial instruments.

Classification and measurement
The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables
Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(b) Available-for-sale financial assets
Available-for-sale financial investments are non-derivatives that are either designated in this category or are not classified in any of the other categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised directly in equity. When sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gain/ (loss) on disposal of available-for-sale financial assets'.

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, an evaluation is made as to whether a decline in fair value is 'significant' or 'prolonged' based on an analysis of indicators such as significant adverse changes in the technological, market, economic or legal environment in which the Company invested in operates. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income is transferred from equity to the statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the statement of comprehensive income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

(p) Inventories
Inventories of mined ore, concentrate, work in process and finished product are physically measured or estimated and valued at the lower of cost and net realisable value.

Cost comprises direct material, labour and transportation expenditure in getting such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure, based on weighted average costs incurred during the period in which such inventories were produced. Net realisable value is based on estimated selling price in the ordinary course of business less any anticipated selling costs to be incurred prior to its sale.

(q) Trade and other receivables
Trade receivables are recognised and carried at original invoice amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, default in payment or a significant deterioration in credit worthiness.

Any impairment is recognised in the statement of comprehensive income within 'general and administrative expenses'. Subsequent recoveries of amounts previously written off are credited against 'other operating income - net' in the statement of comprehensive income.

(r) Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position, and as a deduction from cash in the statement of cash flows.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(t) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(u) Employee benefits

Wages, salaries, and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. On behalf of its employees, the Group pays those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the countries in which it operates. These payments are expensed as incurred. Upon retirement of the employee, the financial obligations of the Group, in this regard, cease and all subsequent payments to retired employees are administered by the state and private cumulative pension funds.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date.

(v) Provisions

General

Provisions are recognised when the Group has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Rehabilitation provision

A provision for rehabilitation is recorded in relation to mining operations as a result of an obligation by the Group to restore its mine sites to a state acceptable to government authorities. These future mine rehabilitation costs are provided for in full at the present value of expected future expenditure when the liability is incurred.

The rehabilitation provision is based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements and represents the cost that will arise from rectifying ground disturbance caused by the initial and ongoing installation of mining infrastructure.

The initial rehabilitation provision together with other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised in mining properties within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

The estimated future costs of rehabilitation are regularly reviewed and adjusted as appropriate. The Group has estimated its costs based on existing feasibilities and studies using current restoration technology. The estimates are risk adjusted and discounted at a pre-tax rate that reflects current market assessments of the time value of money.

(w) Discontinued Operations

A discontinued operation is a component of an entity that has either been disposed of, or that is classified as held for sale, which represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of a separate line of business or geographical area of operations.

Results from operations and gain or loss from disposal are excluded from profit before tax and are reported separately as profit / loss from discontinued operations.

4. Critical accounting judgments 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.

(a) Reserves and resources

Estimates of the quantities of proven and probable mineral reserves and mineral resources form the basis for our life of mine ("LOM") plans which are used for a number key business and accounting purposes. The estimation of recoverable reserves is based upon factors such as estimated of foreign exchange rates, market prices, future capital requirements and production costs along with geographical assumptions and judgements made in estimating the size and grade of the ore body.

As the economic assumptions used may change and as additional geographical information is produced during the operation of the mine, estimates of reserves may change. Such changes may impact the Group's reported financial position and results which include:

- The calculation of the depreciation expense
- The capitalization of deferred stripping costs
- The forecast and timing of payments related to the rehabilitation provision
- The recognition and carrying value of deferred income tax assets
- The calculation of the estimated recoverable amount of non-current assets.

(b) Impairment of assets

In accordance with IAS 36 *Impairment of Assets*, assets and investments are tested for impairment if there is an indicator for 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.

Calculating the estimated fair values of CGU's for non-current asset impairment tests requires management to make estimates and assumptions such as future sales and production levels, operating and capital costs, future market prices, foreign exchange rates and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the assessment of the estimated recoverable amount of assets or CGU's.

(c) Capitalisation of exploration and evaluation expenditure

The application of the Groups' accounting policy for exploration and evaluation expenditure requires judgement to determining whether costs related to exploration and development work that have been capitalized have probable future benefit and are economically recoverable. Management's criteria for assessing the economic recoverability of these costs is disclosed in note 3l.

(d) Inventories

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.

(e) Taxation

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Judgement is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depends on management's estimate of future cash flows from operations and consider variables such as sales and production volumes, commodity prices, reserves, operating costs and foreign exchange.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax asset recorded at the reporting date could be impacted.

(f) Rehabilitation provision

The Group assesses its rehabilitation provision on an annual basis or when new information becomes available. Significant judgment is required in determining the provision for rehabilitation including the estimation of future rehabilitation costs, estimation of life of mine, technological changes, regulatory changes and the impact of changes in discount rates, inflation rates and foreign exchange rates.

These uncertainties may result in future actual expenditure differing from amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(g) Deferred stripping costs

The Group defers stripping costs incurred during the production phase of its operations. This calculation requires the use of judgements and estimates relating to the life of mine and the expected volumes of ore and waste that will ultimately be mined. Change to the life of mine and the average life of mine strip ratio would impact the calculation of deferred stripping costs.

(h) 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 judgment 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 Limited 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 Limited 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, liquidity risks and unexpected gains or losses arising from the settlement of legal claims.

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. Discontinued operations

Chromite operations at the Coobina mine site in Western Australia were concluded during the first quarter of 2014 after the decision was made in July 2013 to cease mining operations due to declining grades and yields and increasing costs. All remaining stocks of crushed ore were processed by January 2014, transported to Port Hedland and shipped to customers during the first quarter of 2014.

On the 2nd April 2014 the Company transferred the Coobina tenement assets and rehabilitation liabilities to Process Minerals International Pty Limited (PMI). This was part of the settlement agreed with PMI in the first quarter of 2014 to bring to an end the manganese tailings agreement (Super Fines Agreement) between the Company and PMI and to settle the related legal claims and counter claims. This resulted in the recognition of a total settlement provision of $45.9 million in the 2013 financial statements.

The book value of Coobina upon transfer on 2nd April 2014 was a net liability of $3 million and the transfer generated a non cash gain on disposal of $9.6 million in the statement of comprehensive income which has been included in the profit for the period from discontinued operations in the statement of comprehensive income.

As a result of the above the Chromite operations have been treated as discontinued in operation for the periods ending 31 December 2014, 2013 and 2012.

A breakdown of the profit / (loss) for the period from discontinued operations included in the statement of comprehensive income is shown below:

For the year ended 31 December	**2014**	**2013**	**2012**
$m			
Revenue	4.5	69.4	105.0
Cost of sales	(4.5)	(58.5)	(84.7)
Selling and distribution costs	(0.9)	(19.6)	(28.5)
General and administration expenses	(0.1)	(0.2)	-
Other operating income	-	-	0.1
Net foreign exchange gain	(0.1)	1.2	0.2
Operating loss	(1.1)	(7.7)	(7.9)
Net financing costs	-	(0.1)	(0.1)
Profit on disposal of chrome assets	9.7	-	-
Income tax credit	-	3.4	3.9
Profit / (loss) for the period	8.6	(4.4)	(4.1)
Adjusted EBITDA	(1.0)	5.9	2.5

Cashflows from discontinued operations are shown below:

For the year ended 31 December	**2014**	**2013**	**2012**
$m			
Net cash (outflow) / generated from operating activities	(0.9)	8.5	2.1
Net cash outflow from investing activities	-	(0.2)	(1.3)
Net cash (outflow) / generated from discontinued operations	(0.9)	8.3	0.8

7. Segment analysis

Management considers the business from a product perspective and has determined the operating segments based on the reports reviewed by the Group Executive Committee, who are the Chief Operating Decision Makers. The primary products of the Group are processed manganese ore. The "Other" segment consists of iron ore projects and administration and head office functions. The Chromite segment is a discontinued operation.

The segment information provided for the three years ended 31 December is as follows:

2014 **$m**	**Manganese**	**Other**	**Total from continuing operations**	**Chromite (discontinued operations)**	**Total**
Revenue from external customers	419.2	1.6	420.8	4.5	425.3
Cost of goods sold	(234.8)	(1.6)	(236.4)	(4.5)	(240.9)
Gross profit / (loss)	184.4	-	184.4	-	184.4
Adjusted EBITDA	154.0	(26.9)	127.1	(1.0)	126.1
Depreciation	(67.8)	(0.7)	(68.5)	-	(68.5)
Net foreign exchange (loss) / gain	(3.6)	0.3	(3.3)	(0.1)	(3.4)
Impairment (expense) / write-back	(3.7)	(0.1)	(3.8)	-	(3.8)
Finance income	-	0.9	0.9	-	0.9
Finance expense	(2.9)	(47.0)	(49.9)	-	(49.9)
Gain on disposal of chromite assets	-	-	-	9.7	9.7
Profit / (loss) before tax	76.0	(73.5)	2.5	8.6	11.1
Income tax charge*			(9.8)	-	(9.8)
Profit for the year			(7.3)	8.6	1.3
Total assets	571.5	136.4	707.9	0.1	708.0
Total liabilities	(183.8)	(398.9)	(582.7)	(0.5)	(583.2)

2013 **$m**	**Manganese**	**Other**	**Total from continuing operations**	**Chromite (discontinued operations)**	**Total**
Revenue from external customers	618.3	-	618.3	69.4	687.7
Cost of goods sold	(271.7)	(2.9)	(274.6)	(58.5)	(333.1)
Gross profit / (loss)	346.6	(2.9)	343.7	10.9	354.6
Adjusted EBITDA	322.3	(31.5)	290.8	5.9	296.7
Depreciation	(71.4)	(1.3)	(72.7)	(13.5)	(86.2)
Net foreign exchange (loss) / gain	(4.8)	0.4	(4.4)	1.2	(3.2)
Impairment (expense) / write-back	(30.3)	9.1	(21.2)	-	(21.2)
Restructuring costs	(0.1)	(0.2)	(0.3)	(1.3)	(1.6)
Settlement expense	-	(56.8)	(56.8)	-	(56.8)
Finance income	0.1	3.6	3.7	-	3.7
Finance expense	(1.7)	(30.1)	(31.8)	(0.1)	(31.9)
Share of profit of associated undertakings	-	9.6	9.6	-	9.6
Gain on disposal of associated undertakings	-	43.1	43.1	-	43.1
Profit / (loss) before tax	214.1	(54.1)	160.0	(7.8)	152.2
Income tax (charge) / credit*			(10.4)	3.4	(7.0)
Profit for the year			149.6	(4.4)	145.2
Total assets	566.8	273.9	840.7	4.4	845.1
Total liabilities	(148.5)	(291.0)	(439.5)	(7.7)	(447.2)

2012 $m	Manganese	Other	Total from continuing operations	Chromite (discontinued operations)	Total
Revenue from external customers	449.1	-	449.1	105.0	554.1
Cost of goods sold	(335.6)	(2.1)	(337.7)	(84.7)	(422.4)
Gross profit / (loss)	113.5	(2.1)	111.4	20.3	131.7
Adjusted EBITDA	59.1	(25.9)	33.2	2.5	35.7
Depreciation	(70.7)	(0.4)	(71.1)	(15.7)	(86.8)
Net foreign exchange gain / (loss)	(2.5)	5.2	2.7	0.2	2.9
Non-cash inventory NRV write-back	38.8	-	38.8	8.0	46.8
Impairment expense	(1.3)	(14.9)	(16.2)	-	(16.2)
Restructuring costs	(2.5)	(0.1)	(2.6)	(2.9)	(5.5)
Finance income	0.1	5.1	5.2	-	5.2
Finance expense	(2.5)	(36.5)	(39.0)	(0.1)	(39.1)
Share of profit of associated undertakings	-	12.5	12.5	-	12.5
Gain on disposal of subsidiary company	-	0.8	0.8	-	0.8
Profit / (loss) before tax	18.5	(54.2)	(35.7)	(8.0)	(43.7)
Income tax (charge) / credit*			(8.8)	3.9	(4.9)
Loss for the year			(44.5)	(4.1)	(48.6)
Total assets	599.7	247.5	847.2	35.6	882.8
Total liabilities	(182.6)	(372.9)	(555.5)	(20.6)	(576.1)

* Income tax is not allocated to segments as tax is managed on a group basis.

Additions to non-current assets in 2012, 2013 and 2014 relate principally to the manganese segment (refer to notes 22 and 23).

A reconciliation of adjusted EBITDA to profit / (loss) before tax for continuing operations is provided as follows:

	Years ended 31 December		
$m	**2014**	2013	**2012**
Adjusted EBITDA	127.1	290.8	33.2
Depreciation	(68.5)	(72.7)	(71.1)
Net foreign exchange (loss) / gain	(3.8)	(4.4)	2.7
Non-cash inventory NRV write back	-	-	38.8
Impairment expense	(3.3)	(21.2)	(16.2)
Restructuring costs	-	(0.3)	(2.6)
Settlement expense	-	(56.8)	-
Net financing costs	(49.0)	(28.1)	(33.8)
Share of profit of associated undertakings	-	9.6	12.5
Profit on disposal of associated undertakings	-	43.1	-
Profit on disposal of subsidiary company	-	-	0.8
Profit / (loss) before tax from continuing operations	2.5	160.0	(35.7)

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

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

Segmental assets are reconciled to total assets as follows:

	Years ended 31 December	
$m	**2014**	**2013**
Assets of Manganese	571.5	566.8
Other assets		
- Available-for-sale financial investments	16.4	17.8
- Investments in associates	-	-
- Other property, plant and equipment and intangibles	48.4	52.4
- Other inventories	-	3.2
- Other receivables	1.2	3.2
- Deferred tax asset	36.4	39.6
- Other cash and cash equivalents	34.1	162.1
Total assets per the statement of financial position	708.0	845.1

The Company is domiciled in Jersey. Revenue from external customers from continuing operations generated by Group companies domiciled in Jersey was $420.4 million (2013: $618.0 million).

The total of non-current assets other than financial instruments and deferred tax assets (there are no employee benefit assets and rights arising under insurance contracts located in Jersey) in Jersey is nil (2013: nil).

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is $246.1 million (2013: $244.3 million) and in Ghana is $204.6 million (2013: $198.8 million).

Segmental liabilities are reconciled to total liabilities as follows:

	Years ended 31 December	
$m	**2014**	**2013**
Liabilities of Manganese	(183.8)	(148.5)
Other liabilities		
- Other borrowings	(384.6)	(228.2)
- Other trade and other payables	(12.6)	(19.2)
- Other provisions	(2.2)	(51.3)
Total liabilities per the statement of financial position	(583.2)	(447.2)

8. Revenue

Revenue from the sale of ore by geographic destination was as follows:

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
China	284.0	496.1	336.7
Ukraine*	55.2	49.0	69.2
South Korea	26.6	34.4	6.1
India	26.1	10.8	26.7
Vietnam	21.5	17.8	4.0
Indonesia	2.8	-	-
Norway	2.3	3.9	3.8
USA*	-	3.3	-
Other	2.3	3.0	2.6
Total revenue by geographic destination from continuing operations	420.8	618.3	449.1
Revenue from discontinued operations	4.5	69.4	105.0

*Sales to related parties

In 2014 12% of revenues are derived from a single external customer. These revenues are attributable to a related party customer and are included in revenue to the Ukraine. In 2013 23% of revenues were derived from a single external customer who was a non-related party and included in revenue to China.

9. Cost of sales

$m	Years ended 31 December 2014	2013	2012
Mining and production expenses*	178.3	192.1	242.5
Depreciation and amortisation	67.7	72.5	71.0
Royalties and other taxes**	35.6	39.3	30.6
Deferred stripping	(37.1)	(21.9)	(14.1)
Non-cash inventory NRV (write-back) / write-down	-	-	(38.8)
Net movement in inventories	(9.7)	(7.6)	45.7
Purchases of ores and ferro-alloys for sale	1.6	-	-
Other	-	0.2	0.8
Total cost of sales from continuing operations	236.4	274.6	337.7
Cost of sales from discontinued operations	4.5	58.5	84.7

* Included within mining and production expenses in 2013 are $1.6 million (2012 $2.6 million) of restructuring costs relating to the Australian Manganese operations (see note 14).

**** Included in royalties and other taxes is a $2.9 million expense relating to a manganese royalties charge payable under the Mining Act 1978 relating periods prior to 2014 following a notice issued under by the West Australian Minister for Mines and Petroleum.

10. Selling and distribution expenses

$m	Years ended 31 December 2014	2013	2012
Transportation costs	81.6	83.3	77.0
Duties	2.2	2.5	1.4
Rental of port premises	1.3	1.3	1.1
Bank fees on letters of credit	1.2	2.7	2.1
Personnel costs	1.0	1.1	1.2
Depreciation	0.1	0.1	0.1
Other	2.2	1.4	1.0
Total selling and distribution expenses from continuing operations	89.6	92.4	83.9
Selling and distribution expenses from discontinued operations	0.9	19.6	28.5

11. General and administrative expenses

$m	Years ended 31 December 2014	2013	2012
Personnel costs	12.3	14.5	13.1
Consulting and other professional fees	11.0	8.5	5.4
Operating lease rentals	3.8	3.9	4.3
Social responsibility costs	2.1	2.4	1.8
Travel	2.1	2.9	2.4
Levies and charges	1.8	1.6	1.9
Communication	1.2	1.3	1.1
Legal	0.7	2.1	1.8
Utilities	0.7	0.2	0.4
Depreciation	0.6	-	-
Provision for stock obsolescence	(0.7)	-	-
Other	3.1	1.9	2.9
Total general and administrative expenses from continuing operations	38.7	39.3	35.1
General and administrative expenses from discontinued operations	(0.1)	(0.2)	-

12. Other operating income

$m	Years ended 31 December 2014	2013	2012
Other operating income			
Rental income	2.1	2.2	2.4
Non-mining activities	0.2	4.1	0.2
Gain on disposal of property, plant and equipment	-	-	1.2
Other*	1.7	0.7	2.1
	4.0	7.0	5.9
Other operating expense			
Loss on disposal of property, plant and equipment	(1.4)	(1.2)	-
Other	(0.1)	-	-
	(1.5)	(1.2)	-
Other operating income - net from continuing operations	2.5	5.8	5.9
Other operating income – net from discontinued operations	-	-	0.1

*In 2014 Other operating income 'other' balance relates mainly to a GST reclaim in Australia.

13. Net foreign exchange (loss) / gain

$m	Years ended 31 December 2014	2013	2012
Foreign exchange gain	-	8.6	36.2
Foreign exchange loss	(3.3)	(13.0)	(33.5)
Net foreign exchange (loss) / gain from continuing operations	(3.3)	(4.4)	2.7
Net foreign exchange (loss) / gain from discontinued operations	(0.1)	1.2	0.2

14. Impairment expense

$m	Years ended 31 December 2014	2013	2012
Impairment expense			
Impairment of property, plant and equipment	(2.3)	(15.4)	(9.8)
Impairment of intangible assets	(1.4)	(5.0)	(3.2)
Impairment of inventory	-	-	(3.2)
Impairment expense of available for sale financial assets	(0.1)	(0.8)	-
Impairment expense from continuing operations	(3.8)	(21.2)	(16.2)
Impairment expense from discontinuing operations	-	-	-

Total impairment (expense) / write-back relates to the following segments:

$m	Years ended 31 December 2014	2013	2012
Manganese	(3.7)	(30.3)	(1.3)
Other*	(0.1)	9.1	(14.9
	(3.8)	(21.2)	(16.2)

*On the 29th November 2013, the company sold its Nickel assets inclusive of rehabilitation liabilities for the sum of $9.0 million. A reversal of a previously recognised impairment loss of $9.9 million was recognised as at 31 December 2013 (2012: $14.9 million impairment loss). This is included within 'Other' segment, which also includes an impairment of available for sale financial assets of $0.8 million.

Non-current assets

At each reporting date, an assessment is made to determine whether there is any indication that non-current assets may be impaired. Impairment exists when the recoverable amount of the asset is lower than the amount at which it is carried in the financial statements. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGU).

2014 Impairment Review

Australian Manganese CGU

Goodwill

The carrying amount of goodwill allocated to the Australia Manganese CGU as at 31 December 2014 is nil having been impaired in full in 2011.

Non-Current Assets

Management identified several key factors impacting the Australian manganese CGU which should be considered in determining whether there are any indicators of impairment or indicators of impairment reversal. The key external factors to which the Australian manganese CGU is highly sensitive are; movements in the manganese price and AUD:USD foreign exchange rate, whilst the CGU is less sensitive to internal movements in operating and capital costs and reserve and resource endowment and the underlying mine plan.

Management have determined that impairment reversal indicators existed as at 31 December 2014 due to trends in reduced operating and capital costs and increased reserve and resource endowment, requiring consideration whether a reversal of a prior period impairment loss in 2011 exists.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount is increased to its recoverable amount. That increase amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior year. Three financial years of depreciation have elapsed since the prior period impairment loss, significantly reducing the potential amount available for reversal.

The recoverable amount of the manganese CGU was estimated as at 31 December 2014 using the fair value less costs to dispose (FVLCD) methodology. The key factors considered and on which assumptions were made in the calculation include:

- Commercially recoverable mineral inventories
- Production volumes and the ability to sell that product
- Commodity prices
- Cash costs of production, capital expenditure, rehabilitation and mine closure costs
- The AUD:USD foreign exchange rate
- Discount rate

Estimates of the quantities of commercially recoverable mineral inventories represent management's expectations at year end based on reserves and resource statements and exploration and evaluation work undertaken by appropriately qualified persons.

Production volumes in the model are determined using the most recent optimised life of mine plan assuming current processing technologies are applied. Sales volumes take into account infrastructure constraints and management's expectations of future demand.

Long term commodity prices are determined by reference to external market forecasts. Specific prices are determined using independent forecast information available in the market after considering the nature of the commodity produced and long term market expectations. Forecast prices vary in accordance with the year in which the sale is expected to occur.

Cash costs of production are based on management's latest estimate at year end of the costs to be incurred. Costs are determined after considering current operating costs, future cost expectations and the nature and location of the operation.

Capital expenditure is based on management's best estimate of sustaining capital expenditure for the existing operation and recent market prices for new infrastructure and equipment requirements for other areas of interest.

The AUD:USD exchange rates are based on bank consensus forecast exchange rates; the real post tax discount rate applied was 10.7% and the FVLCD has been performed over a fourteen year period to 2028 by including resources that are expected to be ultimately mined.

The recoverable amount estimated using the FVLCD methodology and assumptions noted above exceeded the carrying amount. However the recoverable amount is highly sensitive to both the manganese price and the AUD:USD foreign exchange rate. A 5% movement in the forecast manganese price impacts the post tax net present value by A$94m. A 5% movement in the forecast exchange rate impacts the post tax net present value by A$90m. Given the volatility experienced in both of these keys assumptions, and the difficulties in assessing if there will be a sustained improvement over the life of the mine, management have determined that there is no impairment reversal required as at 31 December 2014 for the Australian manganese CGU.

Australian Manganese Exploration and Evaluation assets

An impairment of $3.7 million has been recorded as at 31 December 2014 (2013: $30.3 million) relating to the write down of manganese exploration and evaluation assets. The exploration asset write down was a result of an IFRS 6 Explorations for and Evaluation of Mineral Resources assessment which is performed independently of the Manganese CGU assessment. The write down relates to capitalised exploration costs for areas of interest that have no economic value.

Ghana Manganese CGU

Goodwill and Non-Current Assets

Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired. If the recoverable amount of the CGU is less than it's carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Goodwill for the Group relates solely to the Ghanaian Manganese CGU. The recoverability of goodwill has been assessed by reference to fair value less costs to dispose (FVLCD), being the methodology that has provided the higher value for the CGU. The valuation has been prepared using methodology and assumptions consistent with those used for non-current assets.

The key assumptions used in the FVLCD calculations include:

- Commercially recoverable mineral inventories
- Production volumes and the ability to sell that product
- Commodity prices
- Cash costs of production, capital expenditure, rehabilitation and mine closure costs
- Discount rates

Estimates of the quantities of commercially recoverable mineral inventories represent management's expectations at the time of completing the impairment testing, based on reserves statements and exploration and evaluation work undertaken by appropriately qualified persons.

Production volumes applied in the model are determined using current processes and technologies, and processing plant yields currently achieved. Sales volumes take into account infrastructure constraints and management's expectations of future demand.

Sales volumes applied in the model assume that Ghana sales output will return to 2013 levels.

Long-term commodity prices are determined by reference to CRU market forecasts as of 31 December 2014 adjusted for manganese grade. Specific prices are determined using information available in the market after considering the nature of the commodity produced and long-term market expectations. Forecast prices vary in accordance with the year the sale is expected to occur.

Cash costs of production are based on management's best estimate at the date of impairment testing of the costs to be incurred. Costs are determined after considering current operating costs, future cost expectations and the nature and location of the operation.

Capital expenditure is based on management's best estimate of sustaining capital expenditure for the existing operations and recent market prices for new infrastructure and equipment requirements for other areas of interest.

The real post-tax discount rate applied was 11.8% (2012: 11.0%, 2011: 11.0%) and is based on the weighted average cost of capital ('WACC').

A full sensitivity analysis has not been disclosed as management believes that any reasonably possible change in assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. However the FVLCD valuation in relation to the Ghana Manganese CGU is most sensitive to fluctuations in price and a 5% movement in the forecast manganese price would impact the net present value of the manganese CGU by $58m. The sensitivity analysis indicates that there is still sufficient headroom to support no impairment to the CGU.

The recoverable amount for the Ghana Manganese CGU supported the carrying value of the assets of that unit including the associated goodwill. Therefore no impairment was required for that CGU as at 31 December 2014 (2013: nil).

15. Settlement expense

During 2014 a settlement was reached with Process Minerals International Pty Limited (PMI) to bring the manganese tailings agreement (Super Fines Agreement) between the Company and PMI to an end and to settle the related legal claims and counter claims. A total settlement expense of $56.8 million was recognised in the 2013 statement of comprehensive income.

16. Auditors' remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor as detailed below:

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
Audit services			
Fees payable to Company's auditor for the audit of the consolidated financial statements	0.3	0.3	0.3
Fees payable to Company's auditor for the audit of subsidiary Companies respective financial statements	0.4	0.4	0.4
	0.7	0.7	0.7
Other services			
Fees payable to the Company's auditor and its associates for other services:			
Other services related to taxation	0.2	0.2	0.2
Other services relating to transactions and other consulting services	0.2	0.1	-
	0.4	0.3	0.2
Total auditors' remuneration	1.1	1.0	0.9

17. Employee benefits expense

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
Wages and salaries	68.7	68.4	77.4
Social security costs	0.9	0.8	0.7
Pension costs	4.8	4.5	5.3
Total employee benefits expense from continuing operations	74.4	73.7	83.4
Employee benefits expense from discontinued operations	1.4	10.0	16.3
Average number of employees during year relating to continuing operations	1,092	1,051	1,125
Average number of employees during year relating to discontinued operations	6	54	111

18. Finance income and costs

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
Finance income			
Bank interest income	0.9	1.9	1.8
Other finance income	-	1.8	3.4
	0.9	3.7	5.2
Finance costs			
Interest expense on bank borrowings	(0.5)	(0.3)	(1.0)
Interest expense on senior secured notes	(36.2)	(27.4)	(33.1)
Finance lease costs	(0.7)	(0.7)	(0.6)
Unwinding of discount on rehabilitation provision	(1.7)	(1.3)	(1.3)
Other finance costs*	(10.8)	(2.1)	(3.0)
	(49.9)	(31.8)	(39.0)
Net finance costs from continuing operations	(49.0)	(28.1)	(33.8)
Net finance costs from discontinued operations	-	(0.1)	(0.1)

*In 2014 'other finance costs' of $10.8m relate to the premium paid on the early redemption of the remaining senior secured notes due 2016.

19. Investments in associated undertakings

	As at 31 December	
$m	**2014**	**2013**
Cost at 1 January	-	65.4
Share of profit for the year	-	9.6
Dividends received	-	(9.7)
Disposal	-	(58.5)
Net foreign currency translation differences	-	(6.8)
Net book value at 31 December	-	-

In 2013, the Company sold its entire 23.1% holding in BC Iron Limited for net proceeds of $101.5 million and recognised a gain on disposal of $43.1 million.

20. Income tax charge / (credit)

Income tax

The major components of income tax charge / (credit) are**:**

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
Current income tax charge	8.4	17.9	13.8
Deferred income tax charge	1.4	(7.5)	(5.0)
Tax expense from continuing operations	9.8	10.4	8.8

During the year ended 31 December 2014, the Group's income was subject to taxation in Australia and Ghana. The Company, domiciled in Jersey, is subject to tax at a rate of 0% under the Jersey tax regime. The corporate income tax levied on taxable income less allowable expenses was at the following rates:

Australia – 30% (2013: 30%)
Ghana – 35% (2013: 35%)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
Profit / (loss) before taxation from continuing operations	2.5	160.0	(35.7)
Statutory tax at the Jersey rate of 0% (2013: 0% , 2012: 0%)	-	-	-
Tax charge / (credit) calculated at the local rates applicable to profits in the country concerned	2.5	13.9	(34.2)
Effect of items not deductible for tax purposes	6.3	0.1	1.0
Current year tax losses not recognisable	36.6	-	41.1
Utilisation of prior year tax losses not previously recognised	-	(33.6)	-
Deferred tax asset not recognised	(36.2)	30.6	0.2
Capital allowances in excess of depreciation	(0.4)	(2.7)	(1.2)
Withholding tax on interest and dividend payments	1.2	0.4	0.7
Adjustment recognised in the current year in respect of prior period	(0.4)	-	-
Other	0.2	1.7	1.2
Income tax charge from continuing operations	9.8	10.4	8.8

The effective tax rate for the period for continuing operation was 392% (2013: 4.6%, 2012: (11.2%)). The change in the effective rate is due to changes in the proportion of taxable profits in the jurisdictions in which the Company operates and timing of recognition of deferred tax assets and liabilities.

As at 31 December 2014 the Group had unused tax losses amounting to $321.5 million (2013: $256.0 million) for which no deferred tax asset has been recognised. These losses are not expected to expire and remain available to the Group to be utilised in the future. The Group also had unused capital losses amounting to $85.4 million (2013: $29.6 million).

The income tax credited / (charged) to equity during the year is as follows:

	Years ended 31 December		
$m	**2014**	**2013**	**2012**
Deferred tax:			
Fair value gains / (losses) on available-for-sale financial investments	0.1	(0.1)	0.6
	0.1	(0.1)	0.6

Recognised deferred tax assets and liabilities

The amounts of deferred taxation assets and liabilities provided in the financial statements are:

	Years ended 31 December	
$m	**2014**	**2013**
Deferred tax assets		
Property, plant and equipment	8.1	20.6
Provisions	78.7	83.0
Investments	16.7	18.0
Other	(13.7)	(31.0)
Transfer from deferred tax liability	(53.4)	(51.0)
	36.4	39.6
Deferred tax liabilities		
Property, plant and equipment	(88.3)	(84.0)
Inventories	(2.7)	(3.2)
Other	(0.3)	(0.4)
Transfer to deferred tax assets	53.4	51.0
	(37.9)	(36.6)
Net deferred tax (liabilities) / assets	(1.5)	3.0

The movements in the net deferred income tax (liabilities) / assets are:

	Years ended 31 December	
$m	**2014**	**2013**
Opening balance 1 January	3.0	2.1
Credited to the income statement	(1.4)	7.5
Credited /(charged) / to equity	0.1	(0.1)
Net foreign currency translation differences	(3.2)	(6.5)
Closing balance at 31 December	(1.5)	3.0

21. Property, plant and equipment

$m	Owned property, plant and equipment	Leased and hire purchase plant and equipment	Capital work in progress	Mining* properties	Other**	Total
Cost at 1 January 2014	257.4	22.1	14.6	989.0	55.6	1,338.7
Reclassification of opening balances	12.5	-	-	-	-	12.5
Additions	13.1	14.2	2.4	19.6	8.1	57.4
Transfers***	14.1	(3.0)	(11.7)	(1.1)	-	(1.7)
Disposals	(39.3)	-	(0.5)	(90.2)	(4.4)	(134.4)
Capitalised pre-stripping costs	-	-	-	37.1	-	37.1
Other	(0.5)	-	-	-	(1.9)	(2.4)
Net foreign currency translation differences	(11.3)	(2.9)	0.2	(60.1)	(2.0)	(76.1)
At 31 December 2014	246.0	30.4	5.0	894.3	55.4	1,231.1
Accumulated depreciation at 1 January 2014	(186.5)	(9.7)	-	(783.7)	(26.4)	(1,006.3)
Reclassification of opening balances	(12.5)					(12.5)
Disposals	38.3	-	-	87.9	4.4	130.6
Charge for the year	(21.9)	(5.3)	-	(39.2)	(2.1)	(68.5)
Transfers	-	-	-	1.1	-	1.1
Net foreign currency translation differences	9.3	1.4	-	49.1	1.3	61.1
At 31 December 2014	(173.3)	(13.6)	-	(684.8)	(22.8)	(894.5)
Net book value at 31 December 2014	72.7	16.8	5.0	209.5	32.6	336.6

$m	Owned property, plant and equipment	Leased and hire purchase plant and equipment	Capital work in progress	Mining properties	Other*	Total
Cost at 1 January 2013	290.7	23.7	11.5	1,174.6	60.6	1,561.1
Reclassification of opening balances	-	-	-	0.4	-	0.4
Additions	20.7	1.9	12.3	14.5	0.2	49.6
Transfers	7.3	0.1	(7.6)	0.2	-	-
Disposals	(32.0)	-	-	(86.4)	-	(118.4)
Capitalised pre-stripping costs	-	-	-	21.9	-	21.9
Net foreign currency translation differences	(29.3)	(3.6)	(1.6)	(136.2)	(5.2)	(175.9)
At 31 December 2013	257.4	22.1	14.6	989.0	55.6	1,338.7
Accumulated depreciation at 1 January 2013	(220.6)	(4.7)	-	(901.1)	(29.5)	(1,155.9)
Reclassification of opening balances	-	-	-	(3.8)	3.4	(0.4)
Disposals	30.4	-	-	77.4	-	107.8
Charge for the year ****	(21.7)	(6.2)	-	(55.6)	(2.7)	(86.2)
Impairment expense (note 13)	-	-	-	(15.4)	-	(15.4)
Net foreign currency translation differences	25.4	1.2	-	114.8	2.4	143.8
At 31 December 2013	(186.5)	(9.7)	-	(783.7)	(26.4)	(1,006.3)
Net book value at 31 December 2013	70.9	12.4	14.6	205.3	29.2	332.4

* 'Mining Properties' disposals include a $2.3 million write-down of exploration and evaluation assets which is included in the impairment expense in the consolidated statement of comprehensive income (see note 14).

** 'Other' assets primarily comprise mining rehabilitation assets relating to the Australian and Ghanaian mining operations.

** During 2014 assets included within capital work in progress were transferred to intangible assets (see note 23).

*** The depreciation charge for the year in 2013 of $86.2 million includes $13.5 million related to discontinued operations.

22. Intangible assets

Intangible assets comprise of exploration and evaluation assets.

	As at 31 December	
$m	**2014**	**2013**
Cost at 1 January	128.1	195.0
Reclassification of opening balances	-	(0.4)
Additions	9.6	11.7
Transfers	1.7	-
Acquisitions	1.0	-
Disposals*	(1.4)	(54.2)
Net foreign currency translation differences	(11.0)	(24.0)
At 31 December	128.0	128.1
Opening impairment at 1 January	(45.4)	(105.1)
Reclassification of opening balances	-	0.4
Disposals	-	53.3
Transfers	(1.1)	-
Impairment charge (note 14)	-	(5.0)
Net foreign currency translation differences	3.9	11.0
At 31 December	(42.6)	(45.4)
Net book value at 31 December	85.4	82.7

* Disposals include a $1.7 million write-down of exploration and evaluation assets which is included in the impairment expense in the consolidated statement of comprehensive income (see note 14).

23. Goodwill

Goodwill on the statement of financial position at 31 December 2014 and 31 December 2013 relates solely to the Ghanaian Manganese operations (refer to note 14).

24. Inventories

	As at 31 December	
$m	**2014**	**2013**
Current		
Ore stockpiles	45.6	40.3
Consumable stores	22.7	24.0
Other inventories	3.2	2.7
Provision for obsolete and slow moving inventory	(0.9)	(1.2)
Total inventories	70.6	65.8

25. Available-for-sale financial assets

	As at 31 December	
$m	**2014**	**2013**
Equity securities - listed	16.4	17.8

The movement in available-for-sale financial investments is as follows:

	Years ended 31 December	
$m	**2014**	**2013**
At 1 January	17.8	17.0
Impairment charges	(0.1)	(0.8)
Net gains / (losses) transferred to equity	0.1	4.4
Net foreign currency translation differences	(1.4)	(2.8)
At 31 December	16.4	17.8

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity or coupon rate. The carrying value of listed securities represents fair value, which for listed entities is market value as quoted on a prescribed stock exchange. All available-for-sale financial assets are denominated in Australian dollars and relate mainly to investments held in OM Holdings Limited.

At 31 December 2014 there was an increase in the value of available for sale investments, which was taken to equity.

26. Trade and other receivables

$m	As at 31 December 2014	2013
Non-current trade and other receivables		
Security deposits	-	0.2
	-	0.2
Current trade and other receivables		
Trade receivables from third parties	18.7	41.0
Less provision for impairment of trade receivables	-	-
	18.7	41.0
Trade receivables from related parties	13.0	4.6
Prepayments	11.0	5.7
Value added tax recoverable	4.5	4.4
Other	1.4	1.7
	48.6	57.4
Total receivables	48.6	57.6

The carrying value of receivables approximates their fair value.

As of 31 December 2014, there $8.5 million of trade receivables that were past due but not impaired (2013: $0.0 million). The ageing analysis of these trade receivables is detailed in note 37.

All of the Group's trade receivables including those from related parties are denominated in USD. The carrying amounts of the Group's total trade and other receivables are denominated in the following currencies:

$m	As at 31 December 2014	2013
US dollar	41.0	49.3
Australian dollar	3.9	4.6
British pound	0.2	0.4
Ghana cedi	3.5	3.3
	48.6	57.6

Movements in the provision for impairment of trade receivables are as follows:

$m	As at 31 December 2014	2013
At 1 January	-	(0.2)
Receivables written off	-	0.2
Increase in receivables impairment	-	-
As at 31 December	-	-

27. Cash and cash equivalents

$m	As at 31 December 2014	2013
Cash at bank and in hand	82.0	202.6
Short-term bank deposits	0.1	17.3
Cash and cash equivalents at the end of the year	82.1	219.9
Less: bank overdrafts (see note 28)	(22.6)	-
Net cash and cash equivalents per the cash flow statement	59.5	219.9

Cash and cash equivalents are denominated in the following currencies:

$m	As at 31 December 2014	2013
US dollar	59.2	174.2
Australian dollar	18.7	41.6
British Pound	0.3	1.8
Ghana cedi	3.8	2.0
Other currencies	0.1	0.3
	82.1	219.9

Bank overdrafts are denominated in US dollars.

Included in the cash balance at 31 December 2014 is an amount of $13.5 million (2013: $15.6 million) which is pledged to secure the issuance of performance bonds to the Department of Mines and Petroleum of Western Australia which guaranteed the entities' compliance with the rehabilitation and restoration conditions of Mining Licences. Following the implementation of the Mining Rehabilitation Fund in Western Australia those performance bonds have been returned to the Company and the related cash balance released subsequent to the year end. A further $1.5m (2013: $1.6 million) relates to bank guarantees provided to lessors of business premises.

28. Borrowings

	As at 31 December	
$m	**2014**	**2013**
Non-current		
Senior secured high yield notes	384.6	228.2
Finance lease liabilities – hire purchase loans	14.3	9.6
	398.9	237.8
Current		
Bank overdrafts	22.6	-
Finance lease liabilities – hire purchase loans	7.1	4.7
	29.7	4.7
Total borrowings	428.6	242.5

On 28 April 2011, the Company issued $405 million in principal amount of 8.875% senior secured notes due 2016 which paid interest semi-annually on 1 May and 1 November. The senior secured notes were guaranteed on a senior basis by the Company and certain of our subsidiaries (the Guarantors) and ranked pari passu to all of existing and future indebtedness that was not subordinated in right of payment to the notes.

The remaining senior secured notes of $225 million principal value due 2016 were redeemed in two equal tranches of $112.5 million on 1 May and 11 June 2014 at a redemption price of 104.4375% of the principal amount of the notes plus accrued interest up to those dates.

On 12 May 2014, the Company issued $400 million in principal amount of 8.0% senior secured notes due 2020 which pay interest semi-annually on 15 May and 15 November. The senior secured notes are guaranteed on a senior basis by the Company and certain of its subsidiaries (the Guarantors) and rank pari passu to all of existing and future indebtedness that is not subordinated in right of payment to the notes. Net proceeds of the issue were used to (i) repurchase the remaining $112.5 million of 8.875% senior secured notes due 2016 as noted above, (ii) repay a $250 million of the subordinated shareholder loans and (iii) for general corporate purposes.

The senior secured notes are stated net of unamortised discount of $8.5 million and unamortised issue costs of $6.9 million. Unamortised discount and issue costs are charged to the statement of comprehensive income over the six year term of the notes.

Finance lease liabilities are secured by charges over each respective leased asset. Refer to note 35 for details on timing and amount of future lease and hire purchase payments.

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 statement of financial position date:

	As at 31 December	
$m	**2014**	**2013**
Repayable on demand	22.6	-
6 months or less	-	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
	22.6	-
Borrowings not exposed to changes in interest rates	406.0	242.5
	428.6	242.5

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

	As at 31 December	
$m	**2014**	**2013**
US dollar	428.1	241.3
Australian dollar	0.5	1.2
	428.6	242.5

29. Trade and other payables

$m	As at 31 December 2014	2013
Non-current		
Other payables	5.9	5.8
	5.9	5.8
Current		
Trade payables	8.5	11.0
Accruals	18.8	24.5
Royalties payable	12.3	10.8
Interest payable on senior secured notes	4.1	3.5
Other payables	2.3	2.8
	46.0	52.6
Total trade and other payables	51.9	58.4

30. Provisions

$m	As at 31 December 2014	2013
Non-current		
Employee benefits	1.8	1.8
Rehabilitation*	56.1	51.2
	57.9	53.0
Current		
Employee benefits	6.9	7.7
Rehabilitation*	-	3.1
PMI settlement**	-	45.9
	6.9	56.7
Total provisions	64.8	109.7

*The provision for rehabilitation is recorded in relation to mining operations as a result of an obligation by the Group to restore its mine sites to a state acceptable to Government authorities. Although the amount ultimately incurred is uncertain, the Group has engaged the services of a specialist third party to independently estimate the costs of rehabilitation using current restoration technology. Rehabilitation provisions are subject to an inherent amount of uncertainty in both timing and amount. Consequently, they are continuously monitored and revised. The provision is expected to be utilised at the end of the projected life of mine.

Provisions for rehabilitation are measured at the expected value of future cash flows, discounted to their present value using a discount rate based on the Australian dollar and US dollar 10 year real treasury rate and 20 year real treasury rate for the Australian and Ghanaian rehabilitation provisions respectively.

** In 2013 a provision of $45.9 million was recognised in relation to the settlement agreed with Process Minerals International Pty Limited (PMI) to bring the manganese tailings agreement (Super Fines Agreement) between the Company and PMI to an end and to settle the related legal claims and counter claims. The liability has been fully settled in 2014.

Movements in provisions are as follows:

$m	Employee Benefits*	Rehabilitation	PMI Settlement	Total
Balance at 1 January 2014	9.5	54.3	45.9	109.7
Additional provisions recognised	4.7	8.1	-	12.8
Payments made	(4.8)	(0.2)	(39.7)	(44.7)
Unwinding of discount	-	1.7	-	1.7
Other**	-	(5.5)	(7.0)	(12.5)
Net foreign currency translation differences	(0.7)	(2.3)	0.8	(2.2)
As at 31 December 2014	8.7	56.1	-	64.8

* The employee benefits provision includes annual leave and long service leave provisions for Australian employees.
** The 'other' movement under PMI Settlement comprises of the transfer of Chromite tenement assets to PMI as part of the settlement consideration.

31. Share capital and share premium

	Number of shares Thousands	Ordinary shares $m	Share premium $m
At 1 January 2014	10,000	10.0	194.7
At 31 December 2014	10,000	10.0	194.7

The total number of authorised shares is ten million ordinary shares (2013: ten million shares) with a par value of $1 per share (2013: $1 per share). All shares are allotted, issued and fully paid, carry one vote per share and carry the right to dividends.

32. Subordinated shareholder loans treated as equity

	As at 31 December	
$m	**2014**	**2013**
At 1 January	966.2	966.2
Repayment of shareholder loan	(250.0)	-
Foreign currency translation differences	21.3	-
At 31 December	737.5	966.2

33. Reserves

$m	Available-for-sale financial assets	Foreign currency translation	Total
Balance at 1 January 2013	(79.7)	106.1	26.4
Revaluation – gross	4.4	-	4.4
Revaluation – tax	(0.1)	-	(0.1)
Net foreign currency translation differences	11.2	(69.0)	(57.8)
Balance at 31 December 2013	(64.2)	37.1	(27.1)
Revaluation – gross	0.1	-	0.1
Revaluation – tax	0.1	-	0.1
Net foreign currency translation differences	5.1	(28.1)	(23.0)
Balance at 31 December 2014	(58.9)	9.0	(49.9)

The Group recorded an other comprehensive cost of $23.0 million net of tax in 2014 compared to a cost of $57.8 million in 2013. The cost in the period was a result of a net foreign currency translation difference due to the relative weakening of the Australian dollar, which decreased 8% against the US dollar in the year. The cost in 2013 was as a result of net foreign currency translation differences of $57.8 million due a 14% weakening of the Australia dollar against the US dollar in the year partially offset by a $4.4 million increase in the value of available-for-sale financial assets.

34. Accumulated losses

	As at 31 December	
$m	**2014**	**2013**
At 1 January	(760.2)	(903.7)
Profit / (loss) for the year	1.0	143.5
Net foreign currency translation differences	(21.3)	-
At 31 December	(780.5)	(760.2)

35. Commitments for expenditure

Mining tenement expenditure

Under the terms of tenement licenses granted by the Department of Industry and Resources of the Western Australian government, minimum annual expenditure obligations must be met in order for mining tenements to maintain a status of good standing. An amount of $5.5 million (2013: $6.3 million) is to be spent each year whilst tenements remain current. This expenditure is required to be expended during the forthcoming year on mining tenements on which the Group has an interest. This expenditure may be subject to variation from time to time in accordance with government regulations.

Capital expenditure commitments

Capital expenditure contracted for at the end of the reporting year but not yet incurred is as follows:

	Years ended 31 December	
$m	**2014**	**2013**
Plant and equipment		
Not longer than 1 year	0.3	7.7

Lease commitments – operating leases

Operating leases are entered into as a means of acquiring access to property, plant and equipment. Rental payments are fixed except for the business premises lease which has an inflation escalation clause and renewal option. No operating lease arrangements create restriction on any other financing transaction.

	Years ended 31 December	
$m	**2014**	**2013**
Not longer than 1 year	4.9	5.5
Longer than 1 year and not longer than 5 years	3.7	5.2
Longer than 5 years	-	-
Total operating lease commitments	8.6	10.7

Lease commitments – hire purchase loans

Hire purchase loans are entered into as a means of funding the acquisition of items of plant and equipment. Rental payments are fixed and have no escalation clauses. No existing hire purchase arrangements create restrictions on any other financing arrangements.

	Years ended 31 December	
$m	**2014**	**2013**
Not longer than 1 year	8.2	5.3
Longer than 1 year and not longer than 5 years	14.6	9.9
	22.8	15.2
Less: future finance charges	(1.4)	(0.9)
Present value of hire purchase liabilities	21.4	14.3

36. Contingent liabilities

Contingent liability - legal claim

In the ordinary course of business, the Group is subject to legal actions and complaints. As of 31 December 2014 the Group was involved in the following significant legal proceedings:

- Consolidated Minerals Pty Limited has a 50% interest in Pilbara Iron Ore Pty Ltd (PIO) which is currently in dispute with a joint venture party (Mr. Derek Ammon) in relation to the transfer to PIO of an 80% interest in a mining tenement. Under the joint venture PIO was required to incur exploration expenditure and provide a feasibility study to earn its 80% interest. The expenditure was incurred and a feasibility study provided, however the joint venture party instituted proceedings in the Warden's Court to prevent a transfer of the 80% interest in the tenement on the basis that the documentation provided did not constitute a feasibility study. In September 2014 the Warden handed down a decision in favour of Mr Ammon. PIO has lodged an appeal in the Supreme Court of Western Australia. The appeal is unlikely to be heard before Q3 2015. It is not practical to estimate the potential effect of this claim and no provision has been made.

Other contingent liabilities

- An effect of the Native Title Act 1994 (Commonwealth) is that new mining tenement applications and existing tenements in Australia may be affected by native title claims. The full impact that the legislation and native title claims generally may have on tenements held by the consolidated entity is presently unclear. It is not practical to estimate the potential effect of these claims and no provision has been made. At the date of this report, the Directors are aware of seventeen claims that have been lodged

covering an area which encompasses some of the mining tenement interests of the Group (2013: seventeen claims). The claims do not affect the current mining schedule of the Group.

- The company is guarantor to hire purchase and finance lease agreements amounting to $21.4 million entered into by controlled entities used primarily to finance the purchase of the company's mining fleet. Amounts owing under the leases are secured against each relevant leased asset.

- Group entities have pledged $13.5 million (2012: $15.6 million) to secure the issuance of performance bonds to the Department of Mines and Petroleum of Western Australia which guarantee the entities' compliance with the rehabilitation and restoration conditions of Mining Licenses. Subsequent to the year end these performance bonds have been returned to the Company. A further $1.5m (2013: $1.6 million) relates to bank guarantees provided to lessors of business premises.

- On 7 January 2008, Palmary Enterprises (Australia) Pty Ltd (now known as Consolidated Minerals Holdings (Australia) Pty Ltd) acquired a controlling interest (i.e. at least 90% interest) in Consolidated Minerals Pty Limited (Australia). On 7 March 2008 Consolidated Minerals Holdings (Australia) Pty Ltd lodged a ruling request requesting the Commissioner of State Revenue to determine whether in his view stamp duty under the Stamp Act 1921 (Western Australia) is payable on the transaction and, if so, the Commissioner's view as to the potential quantum of any stamp duty liability. Submissions have been lodged with the Commissioner to the effect that the transaction does not give rise to any duty liability. The Commissioner of State Revenue is still in the process of determining the ruling request.

On-going dispute

- Following the termination of the TMI agreement in August 2014, as a result of TMI's breaches and non-performance, the Company made a drawdown demand on the $50 million standby letter of credit and commenced arbitration proceedings in London in order to recover its losses. TMI obtained a temporary injunction in China, alleging fraud in order to prevent payment under the standby letter of credit. The Company continues to contest this injunction in the Chinese Courts with the intention of lifting it. The Company continues to pursue the arbitration proceedings in London. It is not currently practical to estimate the potential timing and outcome of these claims.

37. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks; commodity prices; market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's principal financial instruments comprise bank overdrafts, borrowings, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to finance the Group's acquisitions and ongoing operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Commodity price risk

The Group's results are strongly influenced by the commodity price of manganese ore which is dependent on a number of factors impacting world supply and demand. Due to these factors, commodity prices may be subject to significant fluctuations from year to year. The Group's normal policy is to sell its products at prevailing market prices.

The Group keeps under regular review its sensitivity to fluctuations in commodity prices by reviewing forecast cash flows for the Group on a weekly basis. The Group does not hedge commodity prices.

Fluctuations in commodity prices can have a significant impact on the Group's revenue and earnings. The approximate effect on the pre-tax profit for the year resulting from a 10% movement in manganese commodity prices is $38.5 million (2013: $57.9 million).

Market risk

i) Foreign exchange risk

The functional currency of the Jersey and Ghanaian operations is US dollars and the majority of all revenue and expense of these operations is denominated in US dollars. The group has transactional currency exposures arising from operating expenditure incurred in its Australian operations denominated in Australian dollars as whilst none of the Group's revenue is denominated in Australian dollars, approximately 74% (2013: 74%) of its operating expenditure is. The approximate effect on the Group's profit before tax of a 1% change in the AUD/USD rate would be $2.7 million (2013 $3.6 million). The Group does not hedge foreign exchange risk.

ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statement of financial position as available-for-sale financial investments. The approximate effect on other comprehensive income for the year resulting from a 10% movement in the price of available-for-sale financial investments is $1.6 million (2013: $1.8 million).

iii) Interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily deposits and borrowings by changing their future cash flows (variable rate). Management does not have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates. However, at the time of

establishing new borrowings management uses its judgment to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity.

The carrying amount, by (i) maturity and (ii) currency, of the Group's financial assets and financial liabilities that are exposed to interest rate risk is included in notes 26 and 27.

Credit risk

Exposure to credit risk arises as a result of transactions in the Group's ordinary course of business and is applicable to all financial assets. Investments in cash, short-term deposits and similar assets are with approved counterparty banks and other financial institutions. Counterparties are assessed both prior to, during, and after the conclusion of transactions to ensure exposure to credit risk is limited to an acceptable level. Credit risk from balances with banks and financial institutions are managed by the Board.

The Group's major exposure to credit risk is in respect of trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, in relation to non-related party sales, letters of credit are obtained from financial institutions prior to making international shipments thereby providing an irrevocable payment undertaking from that financial institution with respect to international customer receipts. The Group limits its credit exposure to financial institutions rated with a long term rating of A3 (Moody's Investors Service). As the 31 December 2014 the Group had $18 million of trade receivables guaranteed by letters of credit with such financial institutions.

The credit quality of the Group's significant customers is monitored on an ongoing basis by the operating and trading subsidiaries. Receivables that are neither past due nor impaired are considered of high credit quality.

		Past the due date but not impaired					
$m	**Neither impaired or past due**	**Between 1 and 30 days**	**Between 31 and 90 days**	**Between 91 days and 180 days**	**Between 181 days and 365 days**	**More than 1 year**	**Total**
Trade receivables:							
2014	23.2	8.2	0.3	-	-	-	31.7
2013	45.6	-	-	-	-	-	45.6

In 2014 the top 2 customers as a proportion of the outstanding balance of the Group's trade receivables accounted for 62% (2013: 51%). Based on historical default rates, the Group believes that no impairment review is necessary in respect of trade receivables not past due by up to 90 days.

All other financial assets are fully performing. The carrying amount of financial assets represents the maximum credit exposure. The carrying amounts of the financial assets that are exposed to credit risk are:

	Years ended 31 December	
$m	**2014**	**2013**
Trade and other receivables	44.1	53.2
Cash and cash equivalents	82.1	219.9
Total	126.2	273.1

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

$m	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
At 31 December 2014						
Borrowings	22.6	2.0	34.0	174.6	416.0	649.2
Trade and other payables	4.3	41.7	-	5.9	-	51.9
	26.9	43.7	34.0	180.5	416.0	701.1
At 31 December 2013						
Borrowings	-	1.3	24.9	276.4	-	302.6
Trade and other payables	0.6	46.8	5.2	5.8	-	58.4
	0.6	48.1	30.1	282.2	-	361.0

Capital risk management

The Group's total capital is defined as Consolidated Minerals Limited's shareholders' funds plus funds attributable to outside equity shareholders plus net debt, and amounted to $458.3 million at 31 December 2014 (2013: $406.2 million).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to manage its debt level.

Fair value estimation

For those investments which are actively traded on the stock exchange the fair value is based on quoted market prices. In other cases fair value has been determined using valuation techniques. The carrying value and fair value of the Group's financial instruments as at 31 December are shown in the following table.

	As at 31 December 2014		As at 31 December 2013	
$m	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Available-for-sale financial investments	16.4	16.4	17.8	17.8

The following table presents the group's assets that are measured at fair value analysed by valuation method at 31 December 2014.

$m	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial investments	16.4	-	-	16.4

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As disclosed in note 28 the carrying value of the Group's borrowings approximates to their fair value.

38. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following material subsidiaries in accordance with the accounting policy described in note 2(c).

			Ownership interest Years ended 31 December	
Name of subsidiary	**Country of incorporation**	**Principal activity**	**2014 %**	**2013 %**
Manganese Trading Ltd	Jersey	Sales and Marketing	100	100
Pilbara Manganese Pty Ltd	Australia	Exploration, mining and processing	100	100
Pilbara Trading Ltd	Jersey	Sales and Marketing	100	100
Stratford Sun Ltd	BVI	Investment	100	100
Ghana Manganese Company Ltd**	Ghana	Exploration, mining and processing	90	90
Pilbara Iron Ore Pty Ltd *	Australia	Exploration, mining and processing	50	50

* Pilbara Iron Ore Pty Ltd has been consolidated into the financial statements of the Group because Consolidated Minerals (Australia) Pty Limited has the power to govern the financial and operating policies of the company under an agreement with its other shareholder, Fortescue Metals Group Ltd. This power has been affected by Consolidated Minerals (Australia) Pty Limited through the power to appoint a chairperson who has a casting vote in addition to pre-existing voting rights of both shareholders of the company.

** Ghana Manganese Company Limited has a 10% non-controlling interest. The following summarised financial information relates to this Company:

$m	Years ended 31 december 2014	2013	2012
Profit after tax	2.8	17.6	5.3
Profit attributable to NCI	**0.3**	**1.7**	**0.5**
Current assets	56.1	50.4	57.0
Non-current assets	97.8	86.6	72.2
Current liabilities	(27.9)	(8.4)	(19.0)
Non-current liabilities	(39.7)	(28.2)	(27.6)
Net assets	**86.3**	**100.4**	**82.6**
Net assets attributable to NCI	**8.6**	**10.0**	**8.2**
Cash flows from operating activities	11.0	42.7	17.5
Cash flows from investing activities	(14.6)	(24.1)	(9.0)
Cash flows from financing activities	(16.8)	(4.6)	(9.7)
Net cash (decrease) / increase in cash and cash equivalents	**(20.4)**	**14.0**	**(1.2)**
Dividends paid to NCI during the year	**1.6**	**0.5**	**1.0**

39. 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.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

$m	Sales to related parties	Finance income from related parties	Purchases from related parties	Charges from related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
2014	55.2	-	-	-	13.0	0.1
2013	52.3	-	-	-	4.6	-
Banks related to the ultimate shareholder						
2014	-	-	-	-	-	-
2013	-	0.4	-	-	-	-
Other companies related to the ultimate shareholder						
2014	-	-	3.2	-	-	-
2013	-	-	3.0	-	-	-

Trading companies related to the ultimate shareholder

During 2014 and 2013, Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey) traded with other trading companies related to the ultimate shareholder.

Ore sold to related parties is shipped to Ukraine and the United States. The sales prices for transactions with related parties have been determined by reference to the sales prices of Australian and Ghanaian ore sold to China, adjusted for the freight differential for shipping to the country of the related party, the end use application for the ores and adjusted for manganese content.

Finance companies related to the ultimate shareholder

As at 31 December 2014, a related party loan balance of $737.5 million (2013 $966.2 million) was recognised in equity.

Banks related to the ultimate shareholder

During 2014 and 2013, several of the Group's operating bank accounts were held with Privat Bank, in which the ultimate shareholder has an interest. As at 31 December 2014, the balance was less than $0.1 million in current accounts with the bank (2013: $0.1 million).

Other companies related to the ultimate shareholder

Transactions with other companies related to the ultimate shareholder primarily relate to the provision of goods and services with companies providing management services to the Company.

Directors

The Directors of the Company are:

Mr Peter Allen (resigned 28th February 2015)
Mr Vyacheslav Anishchenko
Mr Steven Bowen
Mr Andreas Marangos
Mr Malcolm McComas (resigned 2nd March 2015)
Mr David Slater

Andreas Marangos (a director of the Company) holds 9,999,000 of the Company's ordinary shares and the remaining 1,000 ordinary shares are held by Grizal, a related party in which Gennady Bogolyubov has a 100% interest. Both Andreas Marangos and Grizal hold the shares as trustees for Gennady Bogolyubov, the sole ultimate beneficial owner of the shares of the Company.

Key management personnel

In 2014, the aggregate remuneration in the form of salaries, bonuses and other amounts paid to the members of the Board of Directors and Group Executive Committee was $4.7 million (2013: $4.3 million). All remuneration relates to salaries and related short term benefits.

Ultimate shareholder

The ultimate beneficial shareholder is Mr Gennady Bogolyubov.

40. Events after the statement of financial position date

Included in the cash balance at 31 December 2014 is an amount of $13.5 million (2013: $15.6 million) which is pledged to secure the issuance of performance bonds to the Department of Mines and Petroleum of Western Australia which guaranteed the entities' compliance with the rehabilitation and restoration conditions of Mining Licences. Following the implementation of the Mining Rehabilitation Fund in Western Australia those performance bonds have been returned to the Company and the related cash balance released subsequent to the year end.

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.
"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.
"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.
"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"	Chemical symbol for Manganese, based on the periodic table.
"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.
"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.
"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.