Consolidated Minerals Limited

Financial Results for the three months and nine months to 30 September 2014

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

Report for the Third Quarter ending 30 September 2014

14 November 2014

All figures in accordance with IFRS and in United States Dollars, unless otherwise stated

Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its quarterly results for the period ended 30 September 2014.

Key highlights

- Manganese ore production for Q3 2014 was 2% lower than in Q3 2013. Australian manganese ore production increased 7% offset by a 10% decrease of Ghanaian manganese ore production compared to Q3 2013. Overall, total manganese ore produced year to date in 2014 was 1% higher compared to the equivalent period in 2013.
- Manganese C1 cash costs for Q3 2014 were $2.52/dmtu, an increase of 3% compared to Q3 2013. Manganese C1 cash costs year to date in 2014 improved from $2.50/dmtu in 2013 to $2.43/dmtu in 2014 continuing the positive trend seen over the last three years.
- Total manganese sales tonnes decreased 41% in Q3 2014 compared to Q3 2013. Australian manganese tonnes shipped decreased by 7% over the same period and Ghana manganese tonnes shipped were 75% lower than Q3 2013 as a result of the termination of the TMI contract.
- Average manganese FOB sales price achieved decreased 21% from $4.84 in Q3 2013 to $3.83 in Q3 2014. Overall, average manganese FOB sales price achieved year to date decreased 18% from $4.91 in 2013 to $4.04 in 2014.
- The average manganese ore price for Q3 2014 (CRU, 44%Mn CIF China) was $4.35/dmtu, down 2% from $4.43/dmtu in Q2 2014. The Company's average price for its Australian 46%Mn lump product, CIF China, was $4.65/dmtu in Q3 2014, down 3% from $4.80/dmtu in Q2 2014.
- Adjusted EBITDA for Q3 2014 was $21 million, down from $92 million in Q3 2013, a decrease of $71 million. The decrease is principally due to lower revenues partially offset by favourable stock movements. Cash EBITDA for Q3 2014 was $2 million, down from $87 million in Q3 2013.
- The Group recorded a loss for the period of $15 million compared to a profit of $122 million in Q3 2013.
- During the quarter the Company had an operating cash inflow from continuing activities of $20 million compared to an inflow of $66m in Q3 2013.
- Cash and cash equivalents net of overdraft increased by $2 million to $70 million in the quarter to September 2014 with net debt decreasing by $3 million to $338 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. As a result Coobina has been reclassified as a discontinued operation in the statement of comprehensive income for Q3 2014 and Q3 2013.
- As announced in late August, the Company terminated its agreement with TMI as a result of TMI's breaches and non-performance and as a result the Company will suffer loss and damage. The agreement provided the Company with the right to draw down on a $50 million standby letter of credit ("LC") and the right to bring arbitration proceedings for damages arising from TMI's conduct. Following the Company's valid drawdown demand on the standby LC, TMI launched court proceedings and obtained a temporary injunction, alleging fraud in connection with the LC to prevent payment. The Company regards this allegation as entirely wrong and is actively contesting the decision in the Chinese Courts with the intention of lifting the injunction as soon as practicable. Arbitration proceedings have also commenced against TMI in London in accordance with the terms of the agreement in order to recover losses arising from the situation. We continue to pursue the arbitration proceedings in London and vigorously protest against the standby LC injunction in the Chinese courts.

Key Performance Indicators

Unaudited	Quarter ended			Nine months ended		
	30 Sept 2014	30 Sept 2013	% change	30 Sept 2014	30 Sept 2013	% change
Manganese ore produced (dry kt)	871.3	891.5	(2.3%)	2,601.8	2,584.7	0.7%
Manganese ore sales (dry kt)	583.8	991.4	(41.1%)	2,121.2	2,628.1	(19.3%)
Average C1 manganese unit cash cost ($/dmtu)[1]	2.52	2.45	2.9%	2.43	2.50	(2.8%)
Average manganese FOB Sales price ($/dmtu)	3.83	4.84	(20.9%)	4.04	4.91	(17.7%)
Revenue ($ million)[2]	92.7	174.3	(46.8%)	318.0	464.6	(31.6%)
Adjusted EBITDA ($ million)[2,5]	20.7	92.4	(77.6%)	107.7	216.9	(50.3%)
'Cash' EBITDA ($ million)[4,5]	1.5	86.9	(98.3%)	61.1	197.6	(69.1%)
(Loss)/ profit for the period from continuing operations[5]	(14.6)	124.1	(111.8%)	4.7	181.6	(97.4%)

Unaudited	At 30 Sept 2014	At 31 Dec 2013	% change
Cash and cash equivalents ($ million)	85.6	219.9	(61.1%)
Gross debt ($ million)	(423.1)	(242.5)	74.5%
Gross debt excluding high yield bonds ($ million)	(39.2)	(14.3)	174.1%
Net debt ($ million)	(337.5)	(22.6)	1393.4%

[1] Average C1 manganese represents the cash cost incurred at each processing stage from mining through to shiploading, over the total manganese dmtus produced. Included within the C1 manganese unit cash costs are an allocation of offsite, non-corporate and support services. Depreciation, government royalty payments, deferred stripping adjustments and stockpile movements are not included in the calculation.
[2] "Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss, non-cash inventory write-downs and exceptional items[3]. This is one of the key profitability measure used across the business and reflects performance in a consistent manner and in line with how the business is managed and measured on a day to day basis. Adjusted EBITDA is not a uniformly or legally defined measure and is not recognised under IFRS or any other generally accepted accounting principles. Other companies in the mining industry may calculate this measure differently and consequently, our presentation of Adjusted EBITDA 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] 'Cash' EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories.
[5] Refer to note 6 of the Unaudited Condensed Consolidated Interim Financial Information.

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

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

Manganese C1 cash costs for third quarter were $2.52/dmtu, a slight increase compared to Q3 2013. However, Manganese C1 cash costs year to date in 2014 improved from $2.50/dmtu in 2013 to $2.43/dmtu in 2014 continuing the positive trend seen over the last three years.

In late August, the Company announced the termination of the agreement with TMI as a result of TMI's breaches and non-performance. The agreement provided the Company with the right to draw down on the $50 million standby letter of credit and the right to bring arbitration proceedings for damages arising from TMI's conduct. Following the Company's valid drawdown demand on the standby letter of credit, TMI obtained a temporary injunction, alleging fraud in connection with the LC to prevent payment. The Company regards this allegation as entirely wrong and is actively contesting the decision in the Chinese Courts with the intention of lifting the injunction as soon as practicable. Arbitration proceedings have also commenced against TMI in London in accordance with the terms of the agreement in order to recover losses arising from the situation. We continue to pursue the arbitration proceedings in London and vigorously protest against the standby LC injunction in the Chinese courts."

About Consolidated Minerals Limited

Consmin is a leading manganese ore producer within mining operations in Australia and Ghana. The principal activities of the Company and its subsidiaries (the "Group") are the exploration, mining, processing and sale of manganese products. The Group's operations are primarily conducted through four major operating/trading subsidiaries: Consolidated Minerals Pty Limited (Australia), Ghana Manganese Company Limited (Ghana), Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

Consolidated Minerals Limited is headquartered in Jersey and the address of its office is Commercial House, 3 Commercial Street, St Helier, Jersey, Channel Islands, JE2 3RU.

Company Information
For further information, please visit our website www.consmin.com or contact:

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Mark Camaj, General Manager, Marketing
Jurgen Eijgendaal, Managing Director, Ghana
Paul Muller, Managing Director, Australia
David Slater, Executive Director and CFO

Conference Call
There will be a conference call for analysts and bondholders on 14 November 2014 at 1pm GMT (Greenwich Mean Time).

To access the results conference call, you must first register in advance on:
http://emea.directeventreg.com/registration/32022364.

Market, Economic and Industry
Market, economic and industry data used throughout this report has been derived from various industry and other independent sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and such industry forecasts may not have been updated. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward looking statements contained in this report.

Forward looking statements
This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words 'plans,' 'expects,' 'anticipates,' 'believes,' 'intends,' 'estimates' and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors. Although Consmin's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Consmin, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of Consmin include, but are not limited to, political, economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the Australian dollar and US dollar exchange rates), Consmin's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to timely and successfully process its mineral reserves which may or may not occur. Consmin is also exposed to the risk of trespass, theft and vandalism, changes in its business strategy, as well as risks and hazards associated with the business of mineral exploration, development, mining and production. Accordingly, investors should not place reliance on forward looking statements contained in this report.

The forward-looking statements in this report reflect information available at the time of preparing this report. Subject to the requirements of the applicable law, Consmin explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward- looking statements in this report that may occur due to any change in Consmin's expectations or to reflect events or circumstances after the date of this report. No statements made in this report regarding expectations of future profits are profit forecasts or estimates, and no statements made in this report should be interpreted to mean that Consmin's profits for any future period will necessarily match or exceed the historical published profits of Consmin or any other level.

Marketing Review

Manganese Segment

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. Consmin markets a unique suite of differentiated products, produced from both our Australian and Ghanaian operations, specifically tailored to meet a variety of specialised metallurgical applications.

Nearly 90% of manganese ore units are consumed by the carbon steel industry. Manganese is a non-substitutable additive used as both a deoxidizing and desulphurising agent during the steel production process. Steel consumes various grades of manganese alloys, the intermediary product derived through the smelting of manganese oxide ore like that produced from the Woodie Woodie manganese mine.

Stainless steel (200 series), the other key metallurgical application for manganese, consumes electrolytic manganese metal ('EMM'), produced through the hydrometallurgical processing of manganese ore, predominantly carbonate manganese ore, like that produced from Consmin's Ghanaian operations. China's stainless steel production grew by CAGR of 18% from 2007 to 2013. During that 7-year period, the proportion of 200 series stainless steel relative to total stainless steel production in China grew to over 30%.

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 Australian and Ghanaian operations. Consequently, the price Consmin achieves is consistently higher than the price based on manganese content basis alone.

Global steel production in Q3 2014 totalled 406 million tonnes (1.63 billion tonnes on an annualised basis), up 3% year on year. Asia accounted for over 68% of the world's output during the quarter, with the region producing 276 million tonnes. Steel production of the world's largest producer, China, reached 204 million tonnes during the quarter (816 million tonnes on annualised basis), a rise of 3.9% year on year, but a decrease of 1.8% from Q2 2014. China continued to represent circa 50% of global steel production during the quarter. Output in the rest of Asia (excluding China) was up by 1.4% year on year.

The Company shipped 861k dry tonnes of manganese ore during Q3 2014, a decrease of 13% from the 992k tonnes of ore shipped in the third quarter of 2013. Sales are invoiced based on dry tonnes, but shipments are based on wet tonnes in line with global trade statistic standards.

Australian sales of manganese were 462k dry tonnes during the quarter, down 7% from the 497k tonnes shipped in Q3 2013, but up 10% from the 421k tonnes shipped in Q2 2014. The sales of Australian ore have recovered after being negatively affected by the seasonal weather conditions in the first half of the year, and are now on course to meet sales targets for the year.

Manganese ore shipments from Ghana in Q3 2014 were 399k dry tonnes compared with 489k tonnes during the same quarter in 2013, a decline of 18% year on year. However, despite the level of shipments in the quarter, sales were down 75% to 122k dry tonnes as 277k dry tonnes of material destined for TMI were subsequently stockpiled in a bonded warehouse in southern China following the termination of the long-term off-take agreement. As a result of the termination the exclusivity agreement with TMI is no longer in force, and therefore this material is actively being marketed and with the first sale already contracted to EMM producers in the southern China, which account for circa 80% of global EMM production.

China imported 4.52 million wet tonnes of manganese ore in Q3 2014, up 11% year on year and 17% from the previous quarter (Q2 2014), where imports totalled 3.86 million wet tonnes. Port stocks at China's major ports at the end of Q3 2014 were 3.02 million wet tonnes, decreasing by 321k wet tonnes (10%) during the quarter.

The average manganese ore price in Q3 2014 (CRU, 44%Mn CIF China) was $4.35/dmtu, down 2% from $4.43/dmtu in Q2 2014. The Company's average price for its Australian 46%Mn lump product, CIF China, was $4.65/dmtu in Q3 2014, down 3% from $4.80/dmtu in Q2 2014.

Market sentiment and supply-demand fundamentals for manganese ore in China continued to be difficult in the third quarter. China's economic restructuring is targeting oversupply in energy consuming and heavy polluting industries, and shadow financing, which has led to persistent tighter credit and environmental measures continuing to dampen economic activity. Pricing weakness in the steel market led many manganese alloy producers to scale back ore purchases in favour of using stocks and buying to cover only short-term requirements. However, the reduction in port stocks towards the end of the quarter points towards tightening of supply in the ore market. Manganese ore prices have been relatively stable throughout the quarter as demand for high quality ore remains robust despite poor market conditions. The company's CIF China 46% Mn Lump average is expected to remain around $4.65/dmtu mark in Q4 2014.

Update on marketing of Ghanaian ore

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

The company expects that it will take approximately six to nine months to develop key offtake arrangements and expand the range of customers, as EMM plants become familiar with Ghana ore and adapt to its usage. Despite its 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.

Operational Review

Manganese Segment

Summary Overview (Unaudited)	Quarter ended 30 Sept 2014	Quarter ended 30 Sept 2013	% change	Nine months ended 30 Sept 2014	Nine months ended 30 Sept 2013	% change
Total mined (kBCM)	3,682.6	4,171.0	(11.7%)	10,842.9	11,553.2	(6.1%)
Manganese ore produced (dry kt)	871.3	891.5	(2.3%)	2,601.8	2,584.7	0.7%
Australia	*435.6*	*407.3*	*6.9%*	*1,257.5*	*1,230.6*	*2.2%*
Ghana	*435.7*	*484.2*	*(10.0%)*	*1,344.3*	*1,354.1*	*(0.7%)*
Manganese ore produced (mdmtu)	31.2	31.6	(1.3%)	91.8	93.3	(1.6%)
Australia	*19.2*	*17.7*	*8.5%*	*54.5*	*55.1*	*(1.1%)*
Ghana	*12.0*	*13.9*	*(13.7%)*	*37.3*	*38.2*	*(2.4%)*
Manganese ore sales (dry kt)	583.8	991.4	(41.1%)	2,121.2	2,628.1	(19.3%)
Australia	*461.9*	*496.8*	*(7.0%)*	*1,202.6*	*1,220.2*	*(1.4%)*
Ghana	*121.9*	*494.6*	*(75.4%)*	*918.6*	*1,407.9*	*(34.8%)*
Manganese ore sales (mdmtu)	24.2	36.0	(32.8%)	78.4	94.6	(17.1%)
Australia	*20.6*	*21.9*	*(5.9%)*	*52.4*	*54.6*	*(4.0%)*
Ghana	*3.6*	*14.1*	*(74.5%)*	*26.0*	*40.0*	*(35.0%)*
Total capex – including exploration ($ million)	13.3	10.8	23.1%	33.2	39.3	(15.5%)
Average unit cash cost ($/dmtu)	2.52	2.45	2.9%	2.43	2.50	(2.8%)

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 5,200km^2 of exploration tenements and 100km^2 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

Three recordable injuries were sustained during the third quarter resulting in Woodie Woodie's total recordable injury rate increasing to 9.4. The Company continues to focus on safety leadership and embedding its improved safety and health management systems.

Production

Operational performance during the third quarter of 2014 was strong with mining, production and sales stepping up from the prior quarter. Total mining volumes for the quarter were 1.7 million bcm, up 2% on the prior period and in line with the corresponding period in 2013. Mining continued in Greensnake, Paystar and Homestead, with Greensnake expected to be completed during the fourth quarter of 2014. As outlined in previous reports, an additional (third) mining fleet will commence the development of a new pit, Topvar, during the fourth quarter of 2014.

Processing production was again strong during the third quarter, increasing 5% from the prior quarter and 7% from the corresponding period in 2013 to 436kt of manganese ore. This increase was primarily driven by reliable plant performance and the availability of high quality ROM ore feed.

Sales were also strong during the third quarter, with sales tonnes increasing 10% from the prior quarter, although down 7% from the corresponding period in 2013. The average grade of sales increased in the third quarter by 1.6 percentage points, reversing the adverse trend of earlier in the year.

Capital Expenditure

Capital expenditure in the quarter was $9.9 million, comprising of $1.4 million on property, plant and equipment ('PP&E') and $8.5 million on exploration and resource development. Total year to date capital expenditure is $37.1 million comprising of $17.1 million on PP&E, inclusive of $14.0 million of assets acquired under hire purchase arrangement, and $20.0 million on exploration and resource development.

Exploration and Resource Development

The exploration program continued during the quarter with up to five RC drill rigs working in the mine corridor following up on successful earlier phase drilling, exploring extensions to existing resources and ensuring resources which feature in the mine plan in the mid-term are 'mine-ready'. During the quarter, 53km of RC drilling was completed.

In addition to the RC drilling, approximately 1km of diamond drilling was completed in the quarter at a number of locations both in the mining corridor and in the region. Metallurgical testing of the drill core is underway and will provide valuable information to assist with optimising ore beneficiation.

The exploration program for 2014 slowed as planned towards the end of the third quarter and is expected to be fully completed by mid-fourth quarter.

An update to the company's Mineral Resources was completed during the quarter. As at 30 June 2014, Resources totalled 45.7 million tonnes, net of mining depletion, representing an increase of 6% from December 2013. This increase is a reflection of the significant work program in 2014 and the vast potential of the Woodie Woodie tenements. A full update of the Company's Resources and Reserves will be completed at 31 December and released in Q1 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 continues to operate under this lease. The manganese ore exported from GMC is a high grade manganese carbonate (as opposed to a manganese oxide) with excellent manganese to iron ratio, which makes it well suited to alloy and electrolytic manganese metal ('EMM') production. The ore produced at GMC is low in phosphorus and other deleterious elements, which enables it to be an excellent replacement for the low grade carbonate ores of China.

Safety

The GMC mine witnessed an excellent safety record at Nsuta, with no major reportable incidents or accidents during Q3 2014.

Production

Production during the quarter decreased by 10% to 436kt of manganese ore compared to the same period in 2013, which was mainly due to the extended rainy season and power load shedding exercise on-site, impacting production performance.

Sales

Following the termination of the TMI long term off-take agreement in August 2014, Ghana sales figures have been lower than projected. A total sale of 122kt tonnes was realized in Q3, 75% lower than in Q3 2013. Subsequently to the termination GMC has commenced a stringent cost reduction exercise involving substantial decrease in contract staff and production hours as a result of changes in the shift patterns. As a result a total of one hundred and seventy-seven GMC and 3rd party contract staff positions were terminated by the end of September 2014. As set out in the marketing review, the marketing function is currently in active discussions with new and previous customers to ensure the re-establishment of growth plans in the near future.

Capital Expenditure

GMC spent $3.1 million on property, plant and equipment ('PP&E') during the quarter, compared to $2.4 million in the same period in 2013. GMC spent $0.3 million on exploration in Q3 2014 (Q3 2013 $nil). Year to date 2014 GMC have spent a total of $10.1 million on capital expenditure comprising of $8.7 million on PP&E and $1.4 million on exploration (2013 year to date was $15.9 million and $nil respectively).

Exploration

During the third quarter of 2014, GMC completed an exploration drilling programme at Pit A with a total of 8,760 meters drilled. Total estimated tonnage from this drilling programme resulted in an additional 1.1 million tonnes of resources at 28.5% Mn. GMC also focused in the quarter on the continued infill drilling for JORC compliancy at Pit C.

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

The Oxide Project to process oxide feedstocks held at site is on schedule with orders having being placed for the capital equipment required. It is anticipated having all equipment on-site by early January 2015 with expected production commencing 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 will be designed to investigate the future manganese potential of this area, with some feasibility work commencing 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'). Ownership of one of the tenements is subject to dispute. 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 Q1/Q2 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 30 September 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 30 September 2014 was US$23.8 million.

Contractual dispute with TMI
As announced by the Company at the end of August, Ningxia Tianyuan Manganese Industry Co. Ltd ("TMI") has 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 the agreement MTL agreed to sell and TMI agreed to buy at least 1.2m tonnes of ore annually for a period of ten years. As a result of TMI's breaches and non-performance, this 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 to prevent the bank from paying the sum to MTL. TMI obtained the injunction by alleging fraud in connection with the demand made under the LC. MTL regards this allegation as entirely wrong and is actively contesting the decision in the Chinese Courts with the intention of lifting the injunction as soon as practicable.

MTL has also commenced arbitration proceedings in London against TMI in accordance with the terms of the agreement in order to recover losses arising from the situation.

We continue to pursue the arbitration proceedings in London and vigorously protest against the standby letter of credit injunction in 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. In 2013 we were again awarded the highest possible AKOBEN "green" rating for environmental and social responsibility performance for the second year in a row based on the mine's strong performance and application of best practices.

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 (Group Chief Financial Officer).

Financial Review

Unaudited Condensed Consolidated Statement of Comprehensive Income

$m	Quarter Ended 30 Sept 2014	30 Sept 2013[1]	Nine Months Ended 30 Sept 2014	30 Sept 2013[1]
Revenue	92.7	174.3	318.0	464.6
Cost of sales	(57.4)	(70.4)	(172.6)	(210.9)
Gross profit	35.3	103.9	145.4	253.7
Selling and distribution costs	(26.7)	(25.0)	(67.8)	(68.8)
General and administrative costs	(10.1)	(7.8)	(28.2)	(26.5)
Other operating income – net	0.8	0.7	2.5	2.5
Impairment of available for sale assets	-	-	-	(0.7)
Net foreign exchange (loss) / gain	(2.8)	6.7	(1.0)	(3.0)
Operating (loss) / profit	(3.5)	78.5	50.9	157.2
Presented as:				
Adjusted EBITDA	**20.7**	**92.4**	**107.7**	**216.9**
Depreciation and amortisation	(21.4)	(20.6)	(55.8)	(56.0)
Impairment of available for sale assets	-	-	-	(0.7)
Net foreign exchange (loss) / gain	(2.8)	6.7	(1.0)	(3.0)
Operating (loss) / profit	(3.5)	78.5	50.9	157.2
Net financing costs	(9.2)	(6.3)	(39.7)	(22.3)
Share of profit of associated undertakings	-	9.8	-	9.8
Profit on disposal of associate	-	45.7	-	45.7
(Loss) / profit before tax from continuing operations	(12.7)	127.7	11.2	190.4
Income tax expense	(1.9)	(3.6)	(6.5)	(8.8)
(Loss) / profit from continuing operations	(14.6)	124.1	4.7	181.6
Profit / (loss) from discontinued operations	-	(2.0)	9.6	(3.1)
(Loss) / profit for the period	(14.6)	122.1	14.3	178.5

[1] Refer to note 6 of the Unaudited Condensed Consolidated Interim Financial Information.

Revenue

The consolidated revenue for the Group decreased by 47% from $174 million in Q3 2013 to $93 million in Q3 2014 as a result of 41% lower volumes sold and 21% lower pricing offset by improved grades sold. The average price of our manganese ore sold in Q3 2014 was $3.83/dmtu FOB, compared to $4.84/dmtu FOB in Q3 2013. Sales tonnes from Australia decreased 7% whilst those from Ghana decreased by 75%, primarily due to the termination of the TMI contract, with the majority of sales in the quarter being to Ukraine.

Cost of Sales

The cost of sales for the Group decreased from $70 million in Q3 2013 to $57 million in Q3 2014, a decrease of 18%. An analysis of the cost of sales is as follows:

$m	Quarter Ended 30 Sept 2014	30 Sept 2013 (restated)[1]	Movement	Nine Months Ended 30 Sept 2014	30 Sept 2013 (restated)[1]	Movement
Manganese	57.4	69.8	(17.8%)	171.0	208.7	(18.1%)
Other	-	0.6	-	1.6	2.2	(27.3%)
Total	**57.4**	**70.4**	(18.5%)	**172.6**	**210.9**	**(18.2%)**

[1] Refer to note 6 of the Unaudited Condensed Consolidated Interim Financial Information.

Manganese

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

$m	Quarter Ended 30 Sept 2014	30 Sept 2013	Movement	Nine Months Ended 30 Sept 2014	30 Sept 2013	Movement
Mining and production expenses	46.7	43.8	6.6%	138.4	142.7	(3.0%)
Depreciation and amortisation	21.1	20.3	3.9%	55.2	54.9	0.5%
Royalties and other taxes	8.8	11.6	(24.1%)	24.0	30.3	(20.8%)
Deferred stripping	(7.3)	(6.0)	21.7%	(25.2)	(11.5)	119.1%
Net movement in inventories	(11.9)	0.1	(12000.0%)	(21.4)	(7.8)	174.4%
Other	-	-	-	-	0.1	(100.0%)
Total	**57.4**	**69.8**	**(17.8%)**	**171.0**	**208.7**	**(18.1%)**

Manganese cost of sales reduced by 18% from $70 million in Q3 2013 to $57 million in Q3 2014. The principal factors driving this $13 million reduction are as follows:

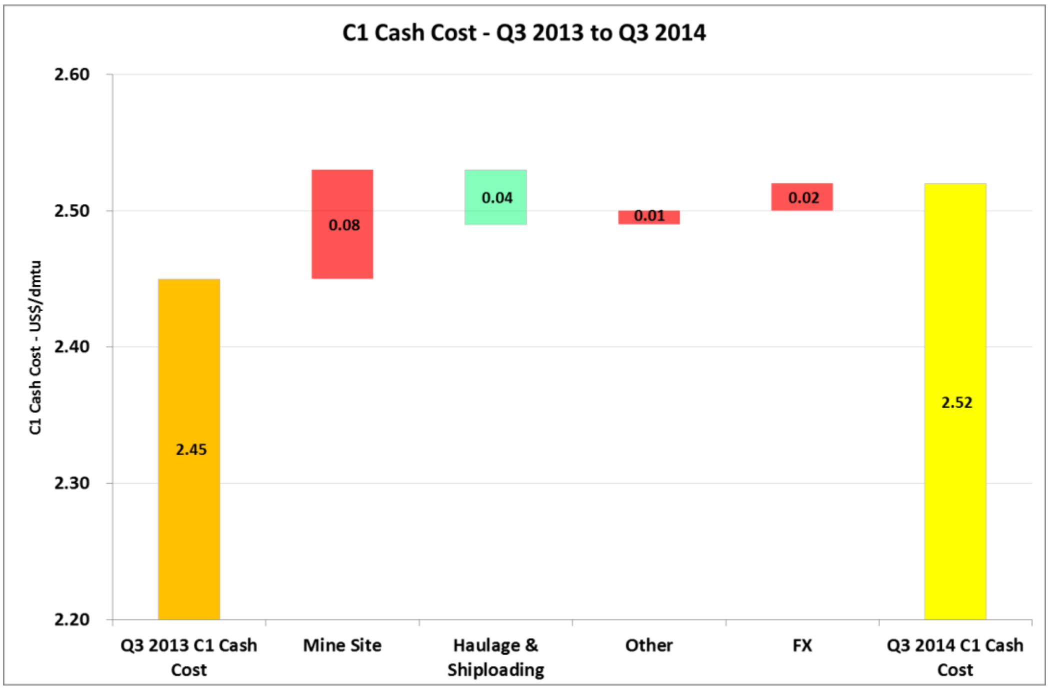
- A $12 million benefit in relation to net movements in inventory as a result of production volumes exceeding sales volumes;
- A decrease in royalties of $3 million as a result of the lower revenues in the quarter;
- A $1 million benefit as a result of an increase in the deferred stripping credit.

Offset by:

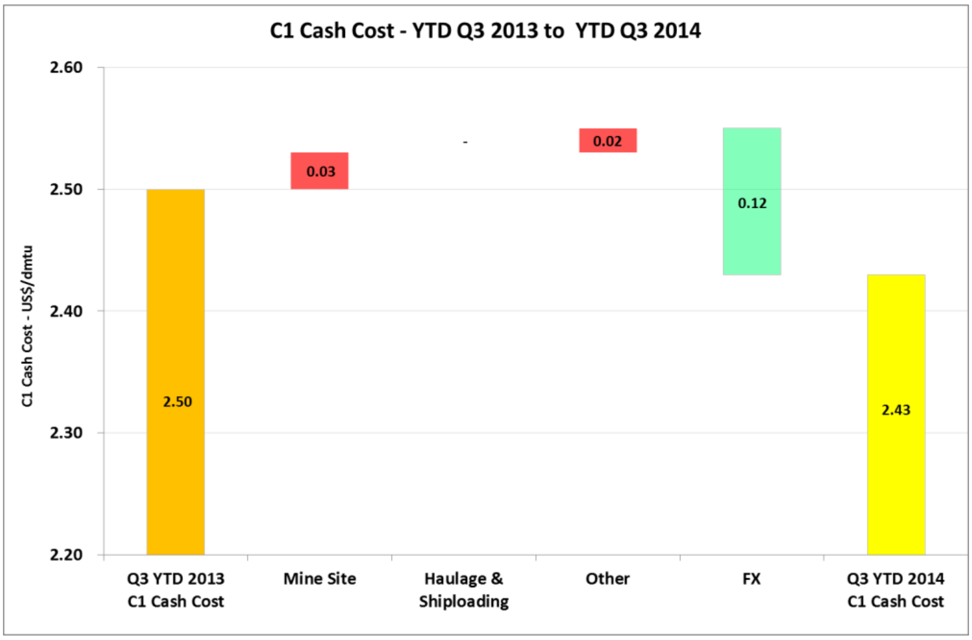
- A $3 million increase in mining and production expenses reflecting the slight increase in C1 manganese cash costs in the quarter;
- An increase in depreciation and amortisation expense of $1 million.

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 $2.52/dmtu for Q3 2014, an increase of 3% from the $2.45/dmtu in Q3 2013.

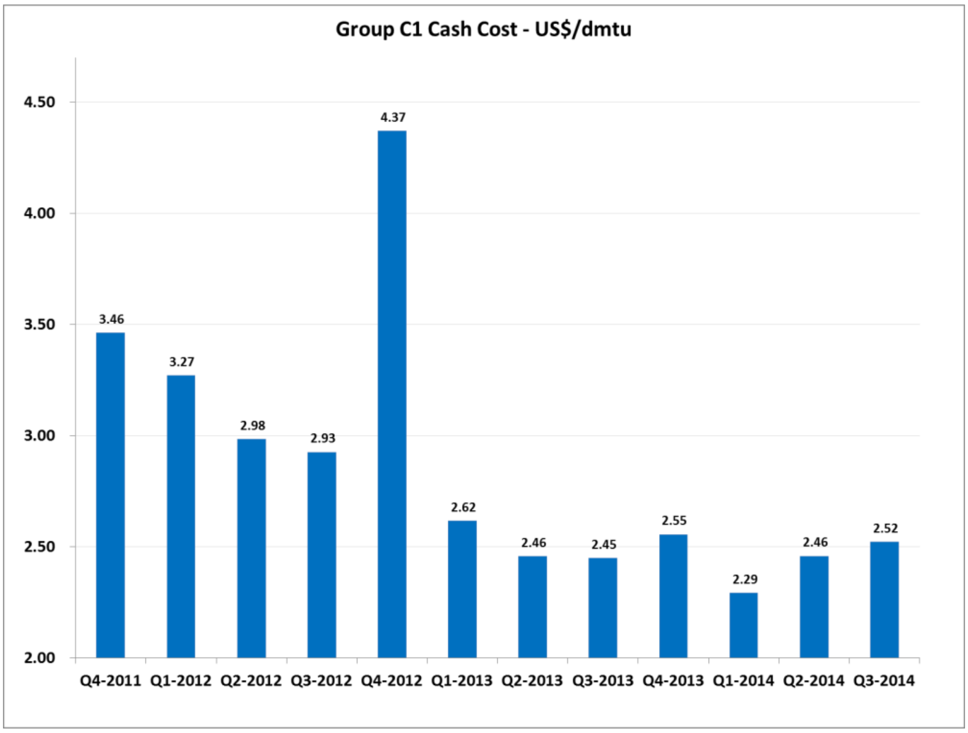
As the graph below shows during the quarter there have been increases in mine site costs offset by reduction in haulage and shiploading costs due to the lower sales volumes compared to production volumes in Q3 2014 resulting largely from the termination of the TMI contract in the quarter.



The graph below shows the year to date movement in C1 unit cash costs with reduction of 3% from $2.50/dmtu in 2013 to $2.43/dmtu in 2014 being primarily due to the relative weakening of the Australian dollar.



The graph below shows the continued progression in the reduction of the C1 cash cost over the last three years. The C1 cash cost decreased from $3.46 in Q4 2011 to $2.52/dmtu for Q3 2014 as a result of the successful implementation of efficiency programmes and the benefits of the relative weakening of the Australian dollar. The increase in Q4 2012 C1 unit cash cost was as a direct result of the planned stripping programme in Ghana.



Gross Profit

Gross profit for the Group has decreased by 66% from $104 million in Q3 2013 to $35 million in Q3 2014, and gross profit margin has decreased from 60% in Q3 2013 to 38% in Q3 2014. The reduction in both gross profit and gross profit margin has been driven by lower manganese ore prices.

Adjusted EBITDA and Cash EBITDA

Adjusted EBITDA and Cash EBITDA are calculated as follows

$m	Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013[1]	30 Sept 2014	30 Sept 2013[1]
Operating (loss) / profit	**(3.5)**	**78.5**	**50.9**	**157.2**
Depreciation and amortisation	21.4	20.6	55.8	56.0
Impairment of available for sale financial assets	-	-	-	0.7
Net foreign exchange loss / (gain)	2.8	(6.7)	1.0	3.0
Adjusted EBITDA	**20.7**	**92.4**	**107.7**	**216.9**
Deferred stripping	(7.3)	(6.0)	(25.2)	(11.5)
Net movement in inventories	(11.9)	0.1	(21.4)	(7.8)
'Cash' EBITDA	**1.5**	**86.5**	**61.1**	**197.6**

[1] Refer to note 6 of the Unaudited Condensed Consolidated Interim Financial Information.

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain or loss and exceptional items. It is one of the key profitability measures used across the whole business and reflects 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 has decreased from $92 million in Q3 2013 to $21 million in Q3 2014 primarily as a result of the following:

- A decrease in revenues of $82 million due to lower pricing and volumes sold;
- An increase in mining and production expenses of $3 million;
- A $2m increase in selling and distribution costs;
- A $2m increase in general and administration costs;

Offset by:

- A $12 million increase in inventories;
- A reduction in royalties of $3 million due to lower revenues;
- An increase in deferred stripping capitalised to the balance sheet of $1 million.

The 'Cash' EBITDA result removes the impact of the non-cash items of deferred stripping and net movement in inventories, which are not excluded in the Adjusted EBITDA calculation. Cash EBITDA has decreased from $87 million in Q3 2013 to $2 million in Q2 2014 due to the decrease in revenues of $82 million, and increases in mining and production expenses, selling and distribution costs and general and administration costs of $7 million offset by lower royalties of $3 million.

Other Key Items

Selling and distribution expenses increased from $25 million in Q3 2013 to $27 million in Q3 2014 and general and administrative expenses increased from $8 million in Q3 2013 to $10 million in Q3 2014.

The Group is subject to taxation in the jurisdictions in which it operates, primarily Australia and Ghana. The Company is domiciled in Jersey and is subject to a corporate tax rate of 0%. The Group recognised an income tax charge in Q3 2014 of $2 million.

Net financing costs have increased from $6 million in Q3 2013 to $9 million in Q3 2014 primarily due to the increased borrowings level in Q3 2014.

Loss / Profit for the Period

The Group has recognised a loss from continuing operations for Q3 2014 of $15 million compared to a profit of $124 million in Q3 2013.

Other Comprehensive Income / Cost

The Group recorded other comprehensive cost of $18 million in Q3 2014, compared to an other comprehensive cost of $2 million in Q3 2013. The cost for the period was largely as a result of a $22 million foreign currency translation loss due to the relative weakening of the Australian dollar in the quarter and a $4 million gain on revaluation of available for sale investments. The other comprehensive cost of $2 million in Q3 2013 was as a result of a net foreign currency translation loss due to relative weakening of the Australian dollar.

Unaudited Condensed Consolidated Statement of Financial Position

	As at	
$m	**30 Sept 2014**	**31 Dec 2013**
Cash and cash equivalents	85.6	219.9
Other current assets	141.2	123.6
Non-current assets	521.5	501.6
Total assets	748.3	845.1
Current borrowings	(23.0)	(4.7)
Non-current borrowings	(400.1)	(237.8)
Other current liabilities	(69.8)	(109.3)
Other non-current liabilities	(93.2)	(95.4)
Total liabilities	(586.1)	(447.2)
Total equity	162.2	397.9

Cash and Cash Equivalents

Cash and cash equivalents decreased from $220 million on 31 December 2013 to $86 million on 30 September 2014, a decrease of $134 million. This decrease is mainly as a result of cash outflows of $246 million for the repurchase of senior secured notes due 2016, $250 million repayment of shareholder loans, $40 million paid to PMI as payment in settlement of the Super Fines Agreement, and capital expenditure of $33 million offset by a $383 million cash inflow from the net proceeds of the issue of senior secured notes due 2020 and positive cashflow from operations.

Borrowings

Current borrowings have increased from $5 million at 31 December 2013 to $23 million at 30 September 2014, an increase of $18 million as a result of the utilisation of the Ghana overdraft facility and an increase in hire purchase borrowings. Non-current borrowings have increased from $238 million at 31 December 2013 to $400 million at 30 September 2014 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 the increase in hire purchase borrowings.

Guarantor Group

During the three months ended 30 September 2014, the Guarantors represented 100% (30 September 2013: 100%) of our consolidated revenues and 81.7% (30 September 2013: 85.2%) of our consolidated EBITDA. As of 30 September 2014, the Guarantors represented 68.3% of our consolidated total assets (30 September 2013: 70.5%). As of 30 September 2014, the non-guarantor subsidiaries have $15.9 million (30 September 2014: $1.1 million) of indebtedness outstanding. The unrestricted subsidiaries are not significant subsidiaries and therefore not material to the Group. As a result, separate financial details have not been disclosed.

Unaudited Condensed Consolidated Statement of Cash Flows

	Quarter Ended		Nine Months Ended	
$m	**30 Sept 2014**	**30 Sept 2013**	**30 Sept 2014**	**30 Sept 2013**
Cash generated from operating activities	19.7	66.1	10.8	214.3
Cash outflow from investing activities	(15.1)	100.5	(33.4)	74.6
Cash outflow from financing activities	(5.0)	(49.9)	(129.1)	(127.2)
(Decrease) / increase in cash and cash equivalents	(0.4)	116.7	(151.7)	161.7
Cash and cash equivalents at the start of the period	68.0	112.7	219.9	73.9
Exchange gain / (loss) on cash and cash equivalents	2.1	(6.1)	1.5	(12.3)
Cash and cash equivalents at the end of the period	69.7	223.3	69.7	223.3

Cash Flows and Liquidity

Net cash generated from operating activities amounted to $20 million in Q3 2014 compared to an inflow of $66 million in Q3 2013, a decrease of $46 million. This decrease in operating cash flow was as a result of reduced revenue from the weaker pricing environment for manganese, the final settlement payment to PMI of $6 million and delayed cash receipts from customers.

The net cash outflow from investing activities was $15 million in Q3 2014 compared to cash generated of $101 million Q3 2013, a decrease of $116 million. The reduction is as a result of the $102 million proceeds from the sale of investment in associate and dividend received from associate of $8.6 million in Q3 2013.

The net cash outflow from financing activities was $5 million in Q3 2014 compared to a net cash outflow of $50 million in Q3 2013. The cash outflow in prior period relates principally to the repurchase of the 2016 senior secured notes.

As a result total cash and cash equivalents net of overdrafts decreased from $220 million on 31 December 2013 to $70 million at 30 September 2014.

The liquidity position of the Group is further supported by circa $25 million of the marketable securities held that could be converted to cash if such a need arose. The Group also has a total overdraft facility in Ghana of $29 million with $13 million remaining undrawn and available at 30 September 2014.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information
For the Three and Nine Months Ended 30 September 2014

Unaudited condensed consolidated statement of comprehensive income for three months and nine months ended 30 September 2014

$m	Note	Quarter ended 30 September 2014	Quarter ended 30 September 2013 *(restated - note 6)*	Nine months ended 30 Sept 2014	Nine months ended 30 Sept 2013 *(restated - note 6)*
Revenue	8	92.7	174.3	318.0	464.6
Cost of sales	9	(57.4)	(70.4)	(172.6)	(210.9)
Gross profit		35.3	103.9	145.4	253.7
Selling and distribution costs		(26.7)	(25.0)	(67.8)	(68.8)
General and administrative costs		(10.1)	(7.8)	(28.2)	(26.5)
Other operating income – net		0.8	0.7	2.5	2.5
Impairment		-	-	-	(0.7)
Net foreign exchange (loss) / gain		(2.8)	6.7	(1.0)	(3.0)
Operating (loss) / profit		(3.5)	78.5	50.9	157.2
Presented as:					
Adjusted EBITDA		20.7	92.4	107.7	216.9
Depreciation and amortisation		(21.4)	(20.6)	(55.8)	(56.0)
Impairment		-	-	-	(0.7)
Net foreign exchange (loss) / gain		(2.8)	6.7	(1.0)	(3.0)
Operating (loss) / profit		(3.5)	78.5	50.9	157.2
Finance income		0.2	1.1	0.8	3.6
Financing costs		(9.4)	(7.4)	(40.5)	(25.9)
Net financing costs		(9.2)	(6.3)	(39.7)	(22.3)
Share of profit of associated undertakings		-	9.8	-	9.8
Gain on disposal of associated undertakings		-	45.7	-	45.7
(Loss) / profit before tax from continuing operations		(12.7)	127.7	11.2	190.4
Income tax expense		(1.9)	(3.6)	(6.5)	(8.8)
(Loss) / profit for the period from continuing operations		(14.6)	124.1	4.7	181.6
(Loss) / profit for the period from discontinued operations		-	(2.0)	9.6	(3.1)
(Loss) / profit for the period		(14.6)	122.1	14.3	178.5
Other comprehensive income					
Revaluation of available-for-sale financial assets		3.9	0.1	7.5	5.2
Net foreign currency translation differences		(21.5)	(1.7)	(5.9)	(47.3)
Income credit charge on other comprehensive income		-	-	-	0.6
Other comprehensive (cost) / income for the period, net of income tax		(17.6)	(1.6)	1.6	(41.5)
Total comprehensive (cost) / income for the period		(32.2)	120.5	15.9	137.0
(Loss) / profit attributable to:					
Owners of the parent company		(15.0)	121.5	13.1	177.2
Non-controlling interest		0.4	0.6	1.2	1.3
(Loss) / profit for the period		(14.6)	122.1	14.3	178.5
Total comprehensive (cost) / income attributable to:					
Owners of the parent company		(32.6)	119.9	14.7	135.7
Non-controlling interest		0.4	0.6	1.2	1.3
Total comprehensive (cost) / income for the period		(32.2)	120.5	15.9	137.0

The notes on pages 22 to 31 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of financial position as at 30 September 2014

		As at	
$m	**Note**	**30 Sept 2014**	**31 Dec 2013**
Non-current assets			
Property, plant and equipment		339.7	332.4
Intangible assets		89.1	82.7
Goodwill		29.0	28.9
Available-for-sale financial assets		24.6	17.8
Trade and other receivables		0.2	0.2
Deferred tax asset		38.9	39.6
		521.5	**501.6**
Current assets			
Inventories		82.4	65.8
Trade and other receivables		58.8	57.4
Income tax receivable		-	0.4
Cash and cash equivalents	10	85.6	219.9
		226.8	**343.5**
Current liabilities			
Borrowings	11	(23.0)	(4.7)
Trade and other payables		(63.7)	(52.6)
Provisions		(6.1)	(56.7)
		(92.8)	**(114.0)**
Net current assets		**134.0**	**229.5**
Non-current liabilities			
Borrowings	11	(400.1)	(237.8)
Trade and other payables		(5.9)	(5.8)
Provisions		(54.4)	(53.0)
Deferred tax liabilities		(32.9)	(36.6)
		(493.3)	**(333.2)**
Net assets		**162.2**	**397.9**
Attributable to the equity shareholders of the parent company			
Share capital		10.0	10.0
Share premium		194.7	194.7
Subordinated shareholder loans treated as equity		737.5	966.2
Reserves		(25.5)	(27.1)
Retained losses		(768.4)	(760.2)
Total equity attributable to equity holders of the parent company		**148.3**	**383.6**
Non-controlling interests		13.9	14.3
Total equity		**162.2**	**397.9**

The notes on pages 22 to 31 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of changes in equity for the nine months ended 30 September 2014

$m	Share capital	Share premium	Shareholder equity	Reserves	Retained losses)	Total	Non-controlling interests	Total
	Attributable to equity shareholders of the parent Company							
Balance at 1 January 2014	10.0	194.7	966.2	(27.1)	(760.2)	383.6	14.3	397.9
Profit for the period	-	-	-	-	13.1	13.1	1.2	14.3
Revaluation of available-for-sale financial assets	-	-	-	7.5	-	7.5	-	7.5
Foreign currency translation differences	-	-	21.3	(5.9)	(21.3)	(5.9)	-	(5.9)
Repayment of shareholder loan	-	-	(250.0)	-	-	(250.0)	-	(250.0)
Dividends	-	-	-	-	-	-	(1.6)	(1.6)
Balance at 30 Sept 2014	10.0	194.7	737.5	(25.5)	(768.4)	148.3	13.9	162.2

$m	Share capital	Share premium	Shareholder equity	Reserves	Retained losses	Total	Non-controlling interests	Total
	Attributable to equity shareholders of the parent Company							
Balance at 1 January 2013	10.0	194.7	966.2	26.4	(903.7)	293.6	13.1	306.7
Profit for the period	-	-	-	-	177.2	177.2	1.3	178.5
Revaluation of available-for-sale financial assets	-	-	-	5.2	-	5.2	-	5.2
Foreign currency translation differences	-	-	-	(47.3)	-	(47.3)	-	(47.3)
Income tax on other comprehensive income	-	-	-	0.6	-	0.6	-	0.6
Dividends	-	-	-	-	-	-	(0.5)	(0.5)
Balance at 30 Sept 2013	10.0	194.7	966.2	(15.1)	(726.5)	429.3	13.9	443.2

The notes on pages 22 to 31 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of cash flows for the three months and nine months ended 30 September 2014

$m	Note	Quarter ended 30 Sept 2014	Quarter ended 30 Sept 2013 (restated – note 6)	Nine months ended 30 Sept 2014	Nine months ended 30 Sept 2013 (restated – note 6)
Cash flow from operating activities					
Profit before tax		(12.7)	127.7	11.2	190.4
Adjustments to add / (deduct) non-cash items:					
Depreciation and amortisation		21.4	20.6	55.8	56.0
Deferred stripping		(7.3)	(6.0)	(25.2)	(11.5)
Impairment expense		-	-	-	0.7
Loss on sale of fixed assets		1.0	0.2	1.0	0.2
Net foreign exchange gain		2.8	(6.7)	1.0	3.0
Share of profits of associated undertakings		-	(9.8)	-	(9.8)
Profit on disposal of associated undertakings		-	(45.7)	-	(45.7)
Net financing costs		9.2	6.3	39.7	22.3
Working capital adjustments:					
(Increase) / decrease in inventories		(12.4)	(3.2)	(17.3)	(2.3)
Decrease / (increase) in receivables		14.1	(13.1)	(0.5)	14.9
Increase / (decrease) in payables		4.7	3.5	(2.5)	(3.4)
Decrease in provision for contractual obligations		(1.1)	-	(40.4)	-
Net movement in working capital		5.3	(12.8)	(60.7)	9.2
Income taxes paid		-	(2.7)	(11.2)	(5.8)
Net cash generated from continuing operating activities		19.7	71.1	11.6	209.0
Net cash generated from discontinued operating activities		-	(5.0)	(0.8)	5.3
Net cash generated from operating activities		**19.7**	**66.1**	**10.8**	**214.3**
Cash flow from investing activities					
Payments for development expenditure		(6.0)	(2.8)	(15.5)	(9.4)
Purchase of property, plant and equipment		(4.5)	(4.7)	(11.8)	(21.1)
Proceeds from sale of property, plant and equipment		(0.9)	1.0	0.1	1.3
Payments for mineral exploration and evaluation expenditure		(2.8)	(3.3)	(5.9)	(8.6)
Interest received		0.2	0.2	0.8	1.3
Proceeds from dividends received		-	8.6	-	9.8
Proceeds from sale of available-for-sale financials investments		-	101.5	-	101.5
Payments for investments in subsidiary company		(1.1)	-	(1.1)	-
Net cash outflow from continuing investing activities		(15.1)	100.5	(33.4)	74.8
Net cash outflow from discontinued investing activities		-	-	-	(0.2)
Net cash outflow from investing activities		**(15.1)**	**100.5**	**(33.4)**	**74.6**
Cash flow from financing activities					
Interest paid		(0.6)	(1.3)	(12.1)	(17.8)
Payments for repurchase of senior secured notes		-	(46.7)	(245.6)	(104.9)
Net (payments regarding) / proceeds from the issue of senior secured notes		(2.6)	-	383.1	-
Repayments of related party borrowings		-	-	(250.0)	-
Repayment of borrowings		(1.8)	(1.9)	(4.5)	(4.5)
Net cash outflow from financing activities of continuing operations		(5.0)	(49.9)	(129.1)	(127.2)
Net cash outflow from financing activities of discontinued operations		-	-	-	-
Net cash outflow from financing activities		**(5.0)**	**(49.9)**	**(129.1)**	**(127.2)**
Net (decrease) / increase in cash and cash equivalents from continuing operations		(0.4)	121.7	(150.9)	156.6
Net increase / (decrease) in cash and cash equivalents from discontinued operations		-	(5.0)	(0.8)	5.1
Net (decrease) / increase in cash and cash equivalents		**(0.4)**	**116.7**	**(151.7)**	**161.7**
Cash and cash equivalents at the beginning of the period		68.0	112.7	219.9	73.9
Exchange gains / (losses) on cash and cash equivalents		2.1	(6.1)	1.5	(12.3)
Cash and cash equivalents at the end of the period	10	**69.7**	**223.3**	**69.7**	**223.3**

The notes on pages 22 to 31 are an integral part of this unaudited Consolidated Interim Financial Information.

Notes to the unaudited consolidated interim financial information

1. General information

Consolidated Minerals Limited ('Consmin' or the 'Company') was incorporated in Belize, in 2004 and redomiciled in Jersey in April 2008. The address of its registered office is First Floor, Commercial House, 3 Commercial Street, St Helier, Jersey, Channel Islands, JE3 2RU.

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

2. Basis of preparation of interim report

This condensed consolidated interim financial information for the nine months ended 30 September 2014 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2013, which have been prepared in accordance with IFRS.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2013 but comparative information is derived from those accounts. Statutory accounts for 2013 have been filed with the Jersey registrar of companies and the auditors have issued an unqualified audit opinion on these accounts.

As explained in note 6 the chromite operations have been treated as discontinued operations for the nine months and quarter ended 30 September 2014. The income statement comparatives have been restated to conform to this presentation (refer to note 2c).

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2014 relevant to the Group

- 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.

(b) New Standards and revisions to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 9 *Financial Instruments: Classification and Measurement* (effective date January 2018): IFRS 9 was issued by the IASB in November 2009 and subsequently amended in October 2010. This new standard represents the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and recognition. The Group has not yet completed its evaluation of the effect of adoption.

(c) 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. 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 quarter ended 30 Sept $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Revenue	186.7	(12.4)	174.3
Cost of sales	(80.5)	10.1	(70.4)
Selling and distribution costs	(29.5)	4.5	(25.0)
General and administrative costs	(8.5)	0.7	(7.8)
Income tax expense	(2.7)	(0.9)	(3.6)
Loss for the period from discontinued operations		2.0	

For the nine months ended 30 Sept $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Revenue	520.2	(55.6)	464.6
Cost of sales	(256.1)	45.2	(210.9)
Selling and distribution costs	(85.1)	16.3	(68.8)
General and administrative costs	(26.9)	0.4	(26.5)
Net foreign exchange loss	(2.0)	(1.0)	(3.0)
Finance expense	(26.0)	0.1	(25.9)
Income tax expense	(6.5)	(2.3)	(8.8)
Loss for the period from discontinued operations		3.1	

[1]Refer to note 6

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

For the quarter ended 30 Sept $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Profit before tax	124.8	2.9	127.7
Adjusted for the following items:			
Depreciation	23.1	(2.5)	20.6
Decrease / (increase) in inventories	(2.7)	(0.5)	(3.2)
Decrease / (Increase) in receivables	(12.0)	(1.1)	(13.1)
(Decrease) / increase in payables	(4.3)	6.2	1.9
Net cash generated from operating activities		5.0	
Net increase in cash and cash equivalents		(5.0)	

For the 9 months ended 30 Sept $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Profit before tax	185.0	5.4	190.4
Adjusted for the following items:			
Depreciation	66.9	(10.9)	56.0
Net foreign exchange gain	2.0	1.0	3.0
Net financing costs	22.4	(0.1)	22.3
(Increase) / decrease in inventories	(1.2)	(1.1)	(2.3)
Decrease / (Increase) in receivables	24.0	(9.1)	14.9
Decrease in payables	(12.9)	9.5	(3.4)
Net cash generated from operating activities		(5.3)	
Purchase of property, plant and equipment	(21.3)	0.2	(21.1)
Net cash inflow from investing activities		0.2	
Net increase in cash and cash equivalents		5.1	

[1]Refer to note 6

3. Accounting policies

The accounting policies are consistent with those of the annual financial information for the year ended 31 December 2013, except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. Our revenue is closely related to demand and the prices obtained for manganese ore, and to a lesser extent, chromite ore produced by our Australian operations. Cyclical and other changes in world market prices of these products affect the results of our operations. The changes in these prices result from factors, such as market supply and demand, which are beyond our control.

(a) Foreign currency translation

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

Average rates:	Average 3 months to 30 Sept 2014	Average 9 months to 30 Sept 2014	Average 3 months to 30 Sept 2013	Average 9 months to 30 Sept 2013
Australian dollar	0.9258	0.9186	0.9149	0.9818

Period end rates:	30 Sept 2014	31 Dec 2013	30 Sept 2013
Australian dollar	0.8725	0.8873	0.9312

4. Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment

In accordance with IAS 36 *Impairment of Assets*, assets and investments are tested for impairment when circumstances indicate there may be a potential impairment. Factors considered to be important which could trigger an impairment review include:

- Significant fall in market values;
- Significant changes in foreign exchange rates
- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the use of assets or the overall business strategy; and
- Significant negative industry or economic trends.

An assessment is made based on the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. When such amounts are less than the carrying amount of the asset, a write down to the estimated recoverable amount is recorded.

Net realisable value adjustments on ore stockpiles

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.

Taxation

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Rehabilitation provision

Provision is made for mine rehabilitation obligations when the related environmental disturbance takes place. Provisions are recognised at the net present value of future expected costs.

Significant judgement is required in determining the provision for rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such difference will impact the mine rehabilitation provision in the period in which they change or become known.

Open pit overburden removal costs during the development phase

The Group assesses its expensing of overburden removal mining costs using assumptions concerning the estimated useful life of the open pit mine, together with an estimate of the contained ore and waste that will ultimately be mined.

Units of production method of depreciation and amortisation

The Group applies the unit of production method for depreciation of its mine assets based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the assets to be depreciated under this method. Factors that must be considered in determining reserves and resources and production capacity are the Group's history of converting resources to reserves and the relevant time frames, and markets and future developments.

When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets. It is impracticable to quantify the effect of changes in these estimates and assumptions in future periods.

5. Principal risks and uncertainties

The following describes the material risks that could affect Consolidated Minerals Limited. The Group's view of its principal risks and uncertainties can be summarised as follows:

There may be additional risks unknown to Consolidated Minerals and other risks, currently believed to be immaterial, which could turn out to be material. These risks, whether they materialise individually or simultaneously could significantly affect the Group's business and financial results.

a) External

Commodity prices and global demand for the Group's products are expected to remain uncertain, which could have a positive or negative impact on the Group's business. Continued growth in demand for the Group's products in China could be affected by future developments in that country. Consolidated Minerals is exposed to foreign currency fluctuations that could have a positive or negative impact on its overall business results. Political, legal and commercial instability, changes in fiscal policies or community disputes in the countries and territories in which the Group operates could affect the viability of its operations. The Group's land and resource tenure could be disputed resulting in disruption to the operation or development of resource. Changes in the cost and/or interruptions in the supply of energy, water, fuel or other key inputs could adversely affect the economic viability of the Group's operations.

b) Strategic

The Group's business and growth prospects may be affected by changes in its capital expenditure programme. The Group's exploration and development of new projects might be unsuccessful, expenditures may not be fully recovered and depleted ore reserves may not be replaced.

c) Financial

The Group's reported results could be adversely affected by the impairment of assets and goodwill.

d) Operational

Estimates of ore reserves are based on many assumptions and changes in the assumptions could lead to reported ore reserves being restated. Labour disputes could lead to lost production and/or increased or decreased costs. The Group depends on the continued services of key personnel. The Group's mining operations are vulnerable to inclement weather events, natural disasters, operating difficulties and infrastructure constraints, not all of which are covered by insurance, which could have an impact on its productivity. The Group may be exposed to major failures in the supply chain for specialist equipment and materials.

e) Sustainable development

Increased environmental regulations could adversely affect the Group's cost of operations. The Group's costs of close down, restoration and rehabilitation could be higher than expected due to unforeseen changes in legislation, standards and techniques, or underestimated costs. Health, safety, environment and other regulations, standards and expectations evolve over time and unforeseen changes could have an adverse effect on the Group's earnings and cash flows.

6. 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 Coobina transfer on 2nd April 2014 generated a non cash gain on disposal of $9.9 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 30 September 2014 and 30 September 2013.

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

For the quarter ended 30 Sept	**2014**	**2013**
$m		
Revenue	-	12.4
Cost of sales	-	(10.1)
Selling and distribution costs	-	(4.5)
General and administration expenses	-	(0.7)
Net foreign exchange gain	-	-
Operating loss	-	(2.9)
Net financing costs	-	-
Profit on disposal of chrome assets	-	-
Income tax credit	-	0.9
Loss for the period	-	(2.0)
Adjusted EBITDA	-	-

For the nine months ended 30 Sept	**2014**	**2013**
$m		
Revenue	4.7	55.6
Cost of sales	(4.0)	(45.2)
Selling and distribution costs	(1.0)	(16.3)
General and administration expenses	-	(0.4)
Net foreign exchange gain	-	1.0
Operating loss	(0.3)	(5.3)
Net financing costs	-	(0.1)
Profit on disposal of chrome assets	9.9	-
Income tax credit	-	2.3
Profit / (loss) for the period	9.6	(3.1)
Adjusted EBITDA	(0.3)	5.0

Cashflows from discontinued operations are shown below:

For the quarter ended 30 Sept	**2014**	**2013**
$m		
Net cash outflow from operating activities	-	(5.0)
Net cash outflow from discontinued operations	-	(5.0)

For the nine months ended 30 Sept	**2014**	**2013**
$m		
Net cash (outflow) / generated from operating activities	(0.8)	5.3
Net cash outflow from investing activities	-	(0.2)
Net cash (outflow) / generated from discontinued operations	(0.8)	5.1

7. Segment information

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 CODM ('Chief Operating Decision Makers'). The primary product of the Group is processed manganese ores. Other operations consist of iron ore projects, and administration and corporate head office functions.

The segment information provided for the three month periods ended 30 September 2014 and 2013 is as follows:

Quarter ended 30 Sept 2014	**Manganese**	**Other**	**Total from continuing operations**	**Chromite**	**Total**
$m					
Revenue from external customers	92.7	-	92.7	-	92.7
Cost of goods sold	(57.4)	-	(57.4)	-	(57.4)
Gross profit	35.3	-	35.3	-	35.3
Adjusted EBITDA	35.1	(14.4)	20.7	-	20.7
Depreciation and amortisation	(21.1)	(0.3)	(21.4)	-	(21.4)
Net foreign exchange gain	(1.9)	(0.9)	(2.8)	-	(2.8)
Finance income	-	0.2	0.2	-	0.2
Finance expense	(0.8)	(8.6)	(9.4)	-	(9.4)
Profit / (loss) before tax	11.3	(24.0)	(12.7)	-	(12.7)
Income tax expense			(1.9)	-	(1.9)
(Loss) / profit for the period			**(14.6)**	**-**	**(14.6)**

Quarter ended 30 Sept 2013	**Manganese**	**Other**	**Total from continuing operations**	**Chromite**	**Total**
$m					
Revenue from external customers	174.3	-	174.3	12.4	186.7
Cost of goods sold	(69.8)	(0.6)	(70.4)	(10.1)	(80.5)
Gross profit/ (loss)	104.5	(0.6)	103.9	2.3	106.2
Adjusted EBITDA	99.4	(7.0)	92.4	-	92.4
Depreciation and amortisation	(20.3)	(0.3)	(20.6)	(2.5)	(23.1)
Restructuring costs	-	-	-	(0.4)	(0.4)
Net foreign exchange (loss) / gain	0.2	6.5	6.7	-	6.7
Finance income	-	1.1	1.1	-	1.1
Finance expense	(0.6)	(6.8)	(7.4)	-	(7.4)
Share of profits of associated undertakings	-	9.8	9.8	-	9.8
Gain on disposal of associated undertakings	-	45.7	45.7	-	45.7
Profit / (loss) before tax	78.7	49.0	127.7	(2.9)	124.8
Income tax expense			(3.6)	0.9	(2.7)
Profit / (loss) for the period			**124.1**	**(2.0)**	**122.1**

Nine months ended 30 Sept 2014	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Revenue from external customers	316.4	1.6	318.0	4.7	322.7
Cost of goods sold	(171.0)	(1.6)	(172.6)	(4.0)	(176.6)
Gross profit	145.4	-	145.4	0.7	146.1
Adjusted EBITDA	126.7	(19.0)	107.7	(0.3)	107.4
Depreciation and amortisation	(55.3)	(0.5)	(55.8)	-	(55.8)
Net foreign exchange (loss) / gain	(1.2)	0.2	(1.0)	-	(1.0)
Finance income	-	0.8	0.8	-	0.8
Finance expense	(2.1)	(38.4)	(40.5)	-	(40.5)
Profit on disposal of chrome assets	-	-	-	9.9	9.9
Profit / (loss) before tax	68.1	(56.9)	11.2	9.6	20.8
Income tax expense			(6.5)	-	(6.5)
Profit / (loss) for the period			4.7	9.6	14.3

30 Sept 2014	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Total assets	586.0	162.2	748.2	0.1	748.3
Total liabilities	(198.4)	(387.7)	(586.1)	-	(586.1)

Nine months ended 30 Sept 2013	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Revenue from external customers	464.6	-	464.6	55.6	520.2
Cost of goods sold	(208.7)	(2.2)	(210.9)	(45.2)	(256.1)
Gross profit	255.9	(2.2)	253.7	10.4	264.1
Adjusted EBITDA	240.0	(23.1)	216.9	5.0	221.9
Depreciation and amortisation	(54.9)	(1.1)	(56.0)	(10.9)	(66.9)
Restructuring costs	-	-	-	(0.4)	(0.4)
Net foreign exchange (loss) / gain	(5.3)	2.3	(3.0)	1.0	(2.0)
Impairment of available for sale financial assets	-	(0.7)	(0.7)	-	(0.7)
Finance income	-	3.6	3.6	-	3.6
Finance expense	(2.0)	(23.9)	(25.9)	(0.1)	(26.0)
Share of profits of associated undertakings	-	9.8	9.8	-	9.8
Gain on disposal of associated undertakings	-	45.7	45.7	-	45.7
Profit / (loss) before tax	177.8	12.6	190.4	(5.4)	185.0
Income tax (expense) / credit			(8.8)	2.3	(6.5)
Profit / (loss) for the period			181.6	(3.1)	178.5

31 Dec 2013	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Total assets	566.8	273.9	840.7	4.4	845.1
Total liabilities	(148.5)	(291.0)	(439.5)	(7.7)	(447.2)

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

	Quarter ended 30 Sept		Nine Months ended 30 Sept	
$m	**2014**	**2013** *(restated - note 6)*	**2014**	**2013** *(restated - note 6)*
Adjusted EBITDA	20.7	92.4	107.7	216.9
Depreciation and amortisation	(21.4)	(20.6)	(55.8)	(56.0)
Impairment of available for sale financial asset	-	-	-	(0.7)
Net foreign exchange gain / (loss)	(2.8)	6.7	(1.0)	(3.0)
Net financing costs	(9.2)	(6.3)	(39.7)	(22.3)
Share of profits of associated undertakings	-	9.8	-	9.8
Gain on disposal of associated undertakings	-	45.7	-	45.7
Profit / (loss) before tax	(12.7)	127.7	11.2	190.4

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

8. Revenue
Revenue by geographic destination was as follows:

	Quarter ended 30 Sept		Nine months ended 30 Sept	
$m	**2014**	**2013**	**2014**	**2013**
China	57.5	121.7	217.2	363.3
Ukraine*	16.6	26.9	46.7	40.9
India	11.0	10.8	19.8	10.8
Vietnam	2.6	5.4	15.3	14.3
South Korea	5.0	6.7	15.2	25.1
Norway	-	-	2.3	-
USA*	-	(0.1)	-	3.2
Other	-	2.9	1.5	7.0
Total revenue by geographic destination from continuing operations	92.7	174.3	318.0	464.6
Revenue from discontinued operations	-	12.4	4.7	55.6

*Sales to related parties – see note 13

9. Cost of sales

	Quarter ended 30 Sept		Nine months ended 30 Sept	
$m	**2014**	**2013**	**2014**	**2013**
Mining and production expenses - other	46.7	44.2	138.4	144.0
Depreciation and amortisation	21.1	20.5	55.2	55.8
Royalties and other taxes	8.8	11.6	24.0	30.3
Mining and production expenses - deferred stripping	(7.3)	(6.0)	(25.2)	(11.5)
Net movement in inventories	(11.9)	0.2	(21.4)	(7.7)
Purchases of third party ore	-	-	1.6	-
Other	-	(0.1)	-	-
Total cost of sales from continuing operations	57.4	70.4	172.6	210.9
Cost of sales from discontinued operations	-	10.1	4.0	45.2

10. Cash and cash equivalents

$m	**30 Sept 2014**	**31 December 2013**
Cash at bank and in hand	85.5	202.6
Short-term bank deposits	0.1	17.3
Cash and cash equivalents at the end of the period	85.6	219.9
Less: bank overdrafts	(15.9)	-
Net cash and cash equivalents per the cash flow statement	69.7	219.9

11. Borrowings

$m	30 Sept 2014	31 December 2013
Current		
Bank overdrafts	15.9	-
Obligations under finance leases	7.1	4.7
	23.0	4.7
Non-current		
Senior secured high yield notes 2016	383.9	228.2
Obligations under finance leases	16.2	9.6
	400.1	237.8
Total borrowings	423.1	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 $8.8 million and unamortised issue costs of $7.3 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.

The carrying value of borrowings approximates their fair value.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet date:

$m	30 Sept 2014	31 December 2013
Interest free and repayable on demand	-	-
6 months or less	15.9	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
Borrowings not exposed to changes in interest rates	407.2	242.5
	423.1	242.5

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

$m	30 Sept 2014	31 December 2013
US dollar	422.5	241.3
Australian dollar	0.6	1.2
	423.1	242.5

12. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2013 financial information.

The Group has no contingent assets.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Management considers that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties and has disclosed all of the relationships identified and which it deemed to be significant during the quarter.

The following table provides the total amount of transactions which have been entered into with related parties for the three months and nine months ended 30 September 2014.

$m	Sales to related parties	Purchases from related parties	Finance income from related parties	Finance costs to related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
Quarter ended 30 Sept 2014	16.6	-	-	-		
Quarter ended 30 Sept 2013	26.8	-	-	-		
9 months to 30 Sept 2014	46.7		-	-		
9 months to 30 Sept 2013	44.1	-	-	-		
At 30 Sept 2014					7.2	-
At 31 December 2013					4.6	-
Banks related to the ultimate shareholder						
Quarter ended 30 Sept 2014	-	-	-	-		
Quarter ended 30 Sept 2013	-	-	0.1			
9 months to 30 Sept 2014	-	-	-	-		
9 months to 30 Sept 2013	-	-	0.4	-		
At 30 Sept 2014					-	-
At 31 December 2013					-	-
Other companies related to the ultimate shareholder						
Quarter ended 30 Sept 2014	-	0.7	-	-		
Quarter ended 30 Sept 2013	-	0.6	-	-		
9 months to 30 Sept 2014	-	2.2	-	-		
9 months to 30 Sept 2013	-	1.9	-	-		
At 30 Sept 2014					-	-
At 31 December 2013					-	-

Finance companies related to the ultimate shareholder

As at 30 September 2014, related party loans of $737.5 million was recognised in equity. This followed a partial repayment of $250.0 million in May 2014.

Banks related to the ultimate shareholder

The Group holds bank accounts with Privat Bank (Cyprus), which the ultimate shareholder has a minority interest in. As at 30 September 2014 less than $0.1 million was held in current accounts with the bank (31 December 2013: less than $0.1 million).

14. Events occurring after the reporting period

There are no reportable events occurring after the balance sheet date.

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.
"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.
"Guarantor"	Each of Consolidated Minerals Africa Limited, Consolidated Minerals Trading Limited, Stratford Sun Limited, Consolidated Minerals (Hong Kong) Limited, Pilbara Trading Limited, Manganese Trading Limited, Consolidated Minerals (Belgium) Limited, Consolidated Minerals Holdings (Australia) Pty Limited, Consolidated Minerals (Australia) Pty Limited, Consolidated Minerals Pty Limited, Pilbara Manganese 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 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.
"kBCM"	1,000 bank cubic meters, being 1,000 cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"kt"	Kilo tonne. A unit of weight or capacity equal to 1,000 tonnes.
"low grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "low grade." Our Australian operations consider ore with an average manganese content of less than 44% to be "low grade." Unless otherwise specified, references to "low grade" are to the definition used by our Australian operations.
"LTI"	A work-related injury or illness resulting in the employee or contractor being unable to attend work for a full working day after an injury or illness has occurred.
"lump" or "lump ore"	Manganese ore with the majority of individual particles measuring more than a specified size. While there is no industry standard measurement, the Group specifies ore with particles measuring 6.3 millimeters or more as lump. Chromite ore has lump particle size measuring 6.3 millimeters or more.
"mdmtu"	One million dry metric tonne units.
"Mn"	Manganese.
"open pit mining"	A method of extracting rock or minerals from the earth by stripping away the top soil and the earth above the rock or minerals creating a pit from which the rock or minerals are removed. This method of mining can be contrasted with mining using extractive methods that require tunneling into the earth (i.e., underground mining).
"ore"	A mineral or an aggregate of minerals (containing valuable constituents, including metals) of sufficient value to be mined or extracted.
"overburden"	The material that lies above the mining area of economic interest, i.e., the rock and soil that lies above a manganese or chromite ore body.
"seaborne market"	The part of the manganese ore market that is composed of exported manganese ore.
"Shareholder"	Means Ultimate Beneficial Owner of the Company
"sinter"	The product of sintering.
"sintering"	The process of combining or fusing metals, usually with pressure and temperature, by exposing them to a temperature just below their melting point.
"slag"	The by-product that results from smelting ore to separate the manganese from impurities and other unwanted elements.
"spot price"	The price at which a physical commodity for immediate sale is selling at a given time and place.
"stripping ratio"	The ratio of the volume of overburden waste material to the volume of ore in an open pit mine. For instance, a stripping ratio of "5" means that five BCM of waste rock must be removed for every one BCM of ore mined.
"sump"	An excavation made in a pit (generally at the lowest point) to collect water, which can then be pumped to the surface or to another sump nearer the surface.
"tailings"	Finely ground waste rock from which the majority of valuable minerals or metals have been extracted.
"tenement"	A mining tenement as defined in the Mining Act.
"wet tonne"	A tonne, being a unit of weight equivalent to 1,000 kilograms, measured including the weight of any water content.
"Woodie Woodie corridor"	The approximately 100 square kilometer area inside the Woodie Woodie tenement package within which all of our current Australian manganese mining operations take place.
"Woodie Woodie region"	The approximately 5,400 square kilometers of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, excluding the Woodie Woodie corridor.