Consolidated Minerals Limited

Financial Results for the three months and six months to 30 June 2014

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

Report for the Second Quarter ending 30 June 2014

29 August 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 June 2014.

Key highlights

- Manganese ore production for Q2 2014 was 1% higher than in Q2 2013. Australian manganese ore production was consistent with Q2 2013 production and Ghana manganese ore production increased 2% compared to Q2 2013. Overall, total manganese ore produced in the first half of 2014 was 2% higher compared to the equivalent period in 2013.
- Manganese C1 cash costs for Q2 2014 were $2.46/dmtu consistent with Q2 2013. Manganese C1 cash costs for the first half of 2014 improved from $2.53/dmtu in H1 2013 to $2.38/dmtu in H1 2014 continuing the downward trend seen over the last three years.
- Total manganese sales tonnes increased 4% in Q2 2014 compared to Q2 2013. Australian manganese tonnes shipped increased by 28% as the Company caught up on delayed Q1 2014 shipments, which had been affected by adverse weather. Ghana manganese tonnes shipped were 12% lower than Q2 2013 as a result of delayed shipments due to prolonged torrential rainfall at the mine site and temporary logistical constraints.
- Average manganese FOB sales price achieved decreased 26% from $5.07 in Q2 2013 to $3.75 in Q2 2014. Overall, average manganese FOB sales price achieved decreased from $4.95 in H1 2013 to $4.12 in H1 2014, a decrease of 17%.
- Average manganese ore price for Q2 2014 (CRU, 44%Mn CIF China) was $4.43/dmtu, down 13% from $5.08/dmtu in Q1 2014. The Company's average CIF China price for its Australian 46%Mn lump product was $4.80/dmtu in Q2 2014, down 15% from $5.67/dmtu in Q1 2014.
- Adjusted EBITDA for Q2 2014 was $39 million, a decrease of $33 million compared to Q2 2013.
- The Group recorded a profit for the period of $5 million compared to a profit of $33 million in Q2 2013, a decrease of $28 million. During the quarter the Company had an operating cash outflow of $40 million of which $35 million related to cash payments to Process Minerals International Pty Limited (PMI) in settlement of the manganese tailings agreement (Super Fines Agreement) between the Company and PMI and the related legal claims and counter claims that was agreed in Q1 2014.
- During the quarter the Company spent $235 million redeeming all of the outstanding senior secured notes due 2016.
- On 12 May 2014, the Company issued $400 million in principal amount of 8.0% senior secured notes due 2020. Of the net proceeds of the issue $118 million were used in part to repurchase the remaining senior secured notes due 2016. A further $250 million of the proceeds were used to partially repay the shareholder loans treated as equity in the accounts.
- Cash and cash equivalents net of overdraft decreased by $161 million to $68 million in Q2 2014 with net debt increasing from $3 million to $341 million over the same period.
- In July 2013 the Company ceased mining at its Coobina chromite mine and final sales of chromite ore concluded in Q1 2014. On the 2 April 2014 the Company transferred the Coobina tenement assets to PMI in part settlement of the liability arising from the termination of the Super Fines Agreement generating a non cash gain on disposal of $10 million. Coobina has been reclassified as a discontinued operation in the statement of comprehensive income for Q2 2014 and Q2 2013.
- The Company has recently received notification from TMI that as a result of fundamental operational issues they will be unable to continue to perform on the long-term off-take agreement. This has resulted in a termination event and a termination letter has been issued to TMI to protect the Company's position. The Company has also issued instruction to its bank to draw on the $50 million standby letter of credit to offset the damages that the Company will suffer as a result of the early termination of the off-take agreement.

Key Performance Indicators

Unaudited	Quarter ended 30 June 2014	30 June 2013	% change	Six months ended 30 June 2014	30 June 2013	% change
Manganese ore produced (dry kt)	870.8	862.9	0.9%	1,730.5	1,693.2	2.2%
Manganese ore sales (dry kt)	867.5	836.2	3.7%	1,537.4	1,636.7	(6.1%)
Average C1 manganese unit cash cost ($/dmtu)[1]	2.46	2.46	0.0%	2.38	2.53	(5.9%)
Average manganese FOB Sales price ($/dmtu)	3.75	5.07	(26.0%)	4.12	4.95	(16.8%)
Revenue ($ million)[2]	116.4	149.6	(22.2%)	225.3	290.3	(22.4%)
Adjusted EBITDA ($ million)[2,5]	39.1	72.1	(45.8%)	87.0	124.5	(30.1%)
'Cash' EBITDA ($ million)[4,5]	28.5	60.8	(53.1%)	59.6	111.1	(46.4%)
(Loss)/ profit for the period from continuing operations[5]	(5.0)	33.1	(115.1%)	19.3	57.5	(66.4%)

Unaudited	At 30 June 2014	At 31 December 2013	% change
Cash and cash equivalents ($ million)	74.4	219.9	(66.2%)
Gross debt ($ million)	(415.0)	(242.5)	71.1%
Gross debt excluding high yield bonds ($ million)	(31.5)	(14.3)	120.3%
Net debt ($ million)	(340.6)	(22.6)	1,407.1%

[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 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] Balances related to 2013 have been restated to exclude discontinued operations (refer to note 6).

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

"During the second quarter, Consmin delivered a steady operational and financial performance despite a difficult pricing environment.

Manganese sales tonnes increased by 4% in Q2 2014, when the Company caught up on the delayed sales in Australia in Q1 2014 due to adverse weather conditions. Volumes of manganese ore produced were 1% higher, with manganese C1 cash costs being $2.46 for the quarter and $2.38 in year-to-date further improving on the 2013 C1 cash costs.

I am disappointed to report that TMI have recently notified the Company that they are unable to continue to perform on the long-term off-take agreement due to operational issues with their newly constructed EMM production lines. The Company has as a consequence issued a termination letter to TMI and issued instructions to its bank to draw on the $50 million standby letter of credit to offset the damages that the Company will suffer as a result of the early termination of the off-take agreement. On-going conciliatory discussions are being held between the parties in order to resolve this matter."

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:

Consmin +44(0)1534 513 300

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 29 August 2014 at 1pm BST (British Summer Time).

To access the results conference call, you must first register in advance on:
http://emea.directeventreg.com/registration/83082139.

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 Ghana 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 Ghana 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 Q2 2014 totalled 415 million tonnes (1.78 billion tonnes on an annualised basis), up 4% year on year. The majority of production continues to be based in Asia, with the region producing 281 million tonnes (over 67% of the world's output) during the quarter. China's steel production reached 209 million tonnes (819 million tonnes on annualised basis), an increase of 3.7% over the Q1 2014 and 5.7% compared to Q2 2013; it continued to produce circa 50% of global steel production during the quarter. Output in the rest of Asia excluding China was up by 3% year on year.

The Company shipped 868k dry tonnes of manganese ore during Q2 2014, an increase of 4% from the 836k tonnes of ore shipped in the second quarter of 2013.

Australian shipments of manganese were 421k dry tonnes during the quarter, up 28% from the 330k tonnes shipped in Q2 2013. The sales of manganese from Australia were up substantially (32%) from the 319k tonnes shipped in Q1 2014, recovering most of the volumes lost due to adverse weather in the first quarter. This has resulted in H1 sales falling just slightly short of planned levels.

Manganese ore exports from Ghana in Q2 2014 were 446k dry tonnes compared with 506k tonnes during the same quarter in 2013, a decline of 12% year on year. The decline in sales was due to the impact of inclement weather on the new transhipping operations, which commenced in open waters off the Takoradi Port in February 2014.

The company maintains its diverse customer base with shipments to customers in China, Ukraine, India, South Korea, Norway and Vietnam completed for the first half of 2014.

China imported 4.0 million wet tonnes of manganese ore in Q2 2014, up 8% year on year and 3% from the previous quarter (Q1 2014), where imports totalled 3.9 million tonnes. Port stocks at China's major ports at the end of Q2 2014 were 3.34 million wet tonnes, rising by 111k tonnes, an increase of 3% from the previous quarter. This represents 2.5 months of imports based on China's monthly average imports during the quarter.

Average manganese ore price for Q2 2014 (CRU, 44%Mn CIF China) was $4.43/dmtu, down 13% from $5.08/dmtu in Q1 2014. The Company's average price for its Australian 46%Mn lump product, CIF China, was $4.80/dmtu in Q2 2014, down 15% from $5.67/dmtu in Q1 2014.

Market sentiment and demand for manganese ore from China continued to be soft in the second quarter. Factors such as tighter credit and environmental measures, including forced idling of some steel mills, continued to dampen economic activity. Pricing weakness in the alloy market has led to many manganese ore producers scaling back ore purchases in favour of using up stocks and buying to cover only short-term requirements. However, despite increasing port stocks throughout the quarter manganese ore prices seem to have stabilised and have remained at this level into the third quarter. The company's CIF China 46% Mn Lump average price is expected to be around $4.60-4.65/dmtu mark in Q3.

Sales to China's leading EMM producer, Ningxia Tianyuan Manganese Industry (TMI) continued as planned in accordance with our long-term sales off-take agreement during Q2 2014. However, during the third quarter TMI informed the company that it would be unable to continue to perform on the long-term contract due to operational difficulties it has experienced with its newly constructed EMM production lines. Initially the disruption was considered to be temporary but later it was found to be a longer term issue.

TMI had constructed four additional EMM lines to substantially increase their production. The lines were fully completed by the end of November 2013, with production expected to commence in December 2013. However, these additional lines were not made operational until June 2014, due to a 6-month delay in connecting them to the national grid by the provincial government.

Shortly after these lines began running, their transformers began failing and in early August only a small proportion of the new capacity was operational. As a result of the delays manganese ore consumption was far below planned levels and TMI's stockpiles grew and currently significantly exceed their updated expected future needs.

As financing to energy intensive industries has been greatly tightened in China in 2014, TMI's creditors have forced them to reduce their manganese ore stocks and get their new lines fully operational before financing the purchase of any more manganese ore. There is also uncertainty regarding timing to replace the damaged transformers; expectations are that this may take one year and the drawdown on existing stocks may take up to two years. In these circumstances TMI advised the company that they will not perform according to the contract going forward. The combination of these events has led the company to take legal advice and on the basis of this the company has taken the decision to terminate the contract in order that the Company protects its position and recoup damages.

Operational Review

Manganese Segment

Summary Overview (Unaudited)	Quarter ended 30 June 2014	Quarter ended 30 June 2013	% change	Six months ended 30 June 2014	Six months ended 30 June 2013	% change
Total mined (kBCM)	3,556	3,945	(9.9%)	7,160	7,382	(3.0%)
Manganese ore produced (dry kt)	870.8	862.9	0.9%	1,730.5	1,693.2	2.2%
Australia	*416.3*	*417.9*	*(0.4%)*	*821.8*	*823.2*	*(0.2%)*
Ghana	*454.5*	*445.0*	*2.1%*	*908.7*	*870.0*	*4.4%*
Manganese ore produced (mdmtu)	30.8	31.5	(2.2%)	60.6	61.8	(1.9%)
Australia	*18.1*	*19.0*	*(4.7%)*	*35.3*	*37.5*	*(5.9%)*
Ghana	*12.7*	*12.5*	*1.6%*	*25.3*	*24.3*	*4.1%*
Manganese ore sales (dry kt)	867.5	836.2	3.7%	1,537.4	1,636.7	(6.1%)
Australia	*421.4*	*330.1*	*27.7%*	*740.7*	*723.4*	*2.4%*
Ghana	*446.1*	*506.1*	*(11.9%)*	*796.7*	*913.3*	*(12.8%)*
Manganese ore sales (mdmtu)	30.7	29.5	4.1%	54.2	58.6	(7.5%)
Australia	*18.1*	*15.3*	*18.3%*	*31.8*	*32.7*	*(2.8%)*
Ghana	*12.6*	*14.2*	*(11.3%)*	*22.4*	*25.9*	*(13.5%)*
Total capex – including exploration ($ million)	11.9	9.2	29.3%	19.4	28.1	(31.0%)
Average unit cash cost ($/dmtu)	2.46	2.46	0.0%	2.38	2.53	(5.9%)

Australia: Woodie Woodie

Overview

Woodie Woodie is located in the Pilbara region of Western Australia, approximately 400km south east of Port Hedland. The Woodie Woodie tenements comprise of approximately 6,000km^2 of exploration tenements and a 100km^2 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 manganese and low phosphorus ores and Port Hedland's location proximate to key Asian markets represents a key competitive advantage.

Safety

During the second quarter of 2014, the Company achieved the significant milestone of one year without a lost time injury. Whilst we are very pleased with this result, we are disappointed to report that three low severity recordable injuries were sustained during the quarter, resulting in the total recordable injury frequency rate increasing slightly to 7.3. The Company views even these relatively minor injuries as avoidable and continues to focus strongly on improving safety systems, leadership and culture.

Production

Operational performance during the second quarter of 2014 was strong as the business recovered from the weather interruptions of the first quarter. Sales of manganese ore increased by 32% from the prior quarter and 28% from the corresponding period in 2013 to 421kt. Total mining volumes for the quarter were 1.3 million bcm, down 10% on the corresponding period in 2013, whilst being broadly in line with the prior quarter. Ore was mined during the quarter from the Greensnake and Paystar pits, whilst development work continued in the Homestead pit. Mining approvals have been received for Topvar pit (stage 1) which is expected to commence development in the fourth quarter of 2014.

Processing production remained strong during the second quarter with 416kt of manganese ore produced, up slightly on the prior quarter and in line with the corresponding period in 2013. The average manganese content of production and sales during the quarter were 2.0 and 3.3 percentage points, respectively, lower than in the corresponding period in 2013 due to a stronger demand for lower grade products.

Capital Expenditure

Capital expenditure in the quarter totalled $21.8 million and comprised of $15.2 million on property, plant and equipment ('PP&E') and $6.6 million on exploration and resource development. Capital expenditure on PP&E during the quarter substantially related to the purchase of the third fleet that was acquired under hire purchase arrangement. Other PP&E spend related to the implementation of a mining fleet management system, tailings discharge line to a new tailings storage area and the final stage of dewatering infrastructure for the Greensnake pit.

Exploration and Resource Development

The exploration program continued during the quarter with 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, 65km of RC drilling was completed.

During the quarter approximately 750km^2 of exploration tenements were acquired from Jupiter Mines Limited for $0.2 million bringing the Company's tenure in the Pilbara to approximately 6,000km^2. The acquired tenements surround the Company's ground at Ripon Hills located about 80km from the Woodie Woodie active mining corridor and are considered to be prospective for manganese and iron ores.

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 Q2 2014.

Production

Production during the quarter increased by 2% to 455kt of manganese ore compared to the same period in 2013 despite the heavy rainfall in June 2014 impacting production performance.

Capital Expenditure

GMC spent $2.9 million on property, plant and equipment ('PP&E') during the quarter, compared to $4.2 million in the same period in 2013. GMC also spent $0.8 million on exploration in Q2 2014 (Q2 2013 $nil).

Exploration

During the second quarter of 2014, drilling focused on the continued resource development of Pit A and C, with a combination of infill drilling for JORC compliancy and exploration drilling. GMC substantially completed de-watering at Pit B prior to the commencement of ore production in the second half of 2014. De-watering activities were affected by the heavy rainfalls during June 2014.

Projects

In order to ensure the future growth in export volumes GMC has embarked on a number of projects. The carbonate plant extension (CPE) project was commissioned during August 2014 and will increase the production capacity and will also provide the ability to maintain production during maintenance periods.

GMC received a ministerial consent for acquiring a potential manganese exploration prospecting license in the Western Region of Ghana. The acquisition procedure is being finalized by the Minerals Commission of Ghana.

Unfortunately, the Company witnessed a mechanical breakdown of the loading boom at the transhipping vessel in May 2014, which together with the inclement weather impacted negatively on the Q2 transhipping performance. The issue has since been resolved and in the meantime the company used the conventional loading procedure involving barging operations at the buoy.

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 court determination, which is expected to be clarified during 2014.

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 June 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 June 2014 was US$21.9 million.

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 June 2014	30 June 2013[1]	Six Months Ended 30 June 2014	30 June 2013[1]
Revenue	116.4	149.6	225.3	290.3
Cost of sales	(61.2)	(65.0)	(115.2)	(140.5)
Gross profit	55.2	84.6	110.1	149.8
Selling and distribution costs	(23.7)	(22.5)	(41.1)	(43.8)
General and administrative costs	(9.7)	(8.7)	(18.1)	(18.7)
Other operating income – net	0.2	0.9	1.7	1.8
Impairment of available for sale assets	-	(0.7)	-	(0.7)
Net foreign exchange gain / (loss)	0.7	(10.0)	1.8	(9.7)
Operating profit	22.7	43.6	54.4	78.7
Presented as:				
Adjusted EBITDA	**39.1**	**72.1**	**87.0**	124.5
Depreciation and amortisation	(17.1)	(17.8)	(34.4)	(35.4)
Impairment of available for sale assets	-	(0.7)	-	(0.7)
Net foreign exchange gain / (loss)	0.7	(10.0)	1.8	(9.7)
Operating profit	22.7	43.6	54.4	78.7
Net financing costs	(24.3)	(7.3)	(30.5)	(16.0)
(Loss) / profit before tax from continuing operations	(1.6)	36.3	23.9	62.7
Income tax expense	(3.4)	(3.2)	(4.6)	(5.2)
(Loss) / profit from continuing operations	(5.0)	33.1	19.3	57.5
Profit / (loss) from discontinued operations	9.9	(0.3)	9.6	(1.1)
Profit for the period	4.9	32.8	28.9	56.4

[1] Balances related to 2013 have been restated to exclude discontinued operations (refer to note 6).

Revenue

The consolidated revenue for the Group decreased by 29% from $150 million in Q2 2013 to $116 million in Q2 2014 as a result of lower prices and a lower grade of ore sold. The average price of our manganese ore sold in Q2 2014 was $3.75/dmtu FOB, compared to $5.07/dmtu FOB in Q2 2013, a decrease of 26%.

Manganese sales tonnes increased 4% in Q2 2014 compared to Q2 2013. Sales tonnes in Australia increased 28% due to the catch up in the quarter from the delayed shipments in Q1 2014, which had been affected by adverse weather. Sales tonnes in Ghana decreased by 12% due to the impact severe weather conditions in Q2 2014 and due to temporary logistical constraints of the transhipment arrangement.

Cost of Sales

The cost of sales for the Group decreased from $65 million in Q2 2013 to $61 million in Q2 2014, a decrease of 6%. An analysis of the cost of sales is as follows:

$m	3 Months Ended 30 June 2014	30 June 2013 (restated) [1]	Movement	6 Months Ended 30 June 2014	30 June 2013 (restated) [1]	Movement
Manganese	60.2	64.7	(7.0%)	113.6	138.9	(18.2%)
Other	1.0	0.3	233.3%	1.6	1.6	(0.0%)
Total	**61.2**	**65.0**	**(5.8%)**	**115.2**	**140.5**	**(18.0%)**

[1] Balances related to 2013 have been restated to exclude discontinued operations (refer to note 6).

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

$m	3 Months Ended			6 Months Ended		
	30 June 2014	**30 June 2013**	**Movement**	**30 June 2014**	**30 June 2013**	**Movement**
Mining and production expenses	45.7	48.6	(6.0%)	91.7	98.9	(7.3%)
Depreciation and amortisation	17.0	17.7	(4.0%)	34.1	34.6	(1.4%)
Royalties and other taxes	8.1	9.4	(13.8%)	15.2	18.7	(18.7%)
Deferred stripping	(10.0)	(4.7)	112.8%	(17.9)	(5.5)	225.5%
Net movement in inventories	(0.6)	(6.6)	(90.9%)	(9.5)	(7.9)	20.3%
Other	-	0.3	(100.0%)	-	0.1	(100.0%)
Total	**60.2**	**64.7**	**(7.0%)**	**113.6**	**138.9**	**(18.2%)**

Manganese cost of sales reduced by 7% from $65 million in Q2 2013 to $60 million in Q2 2014. The principal factors driving this $5 million reduction are as follows:

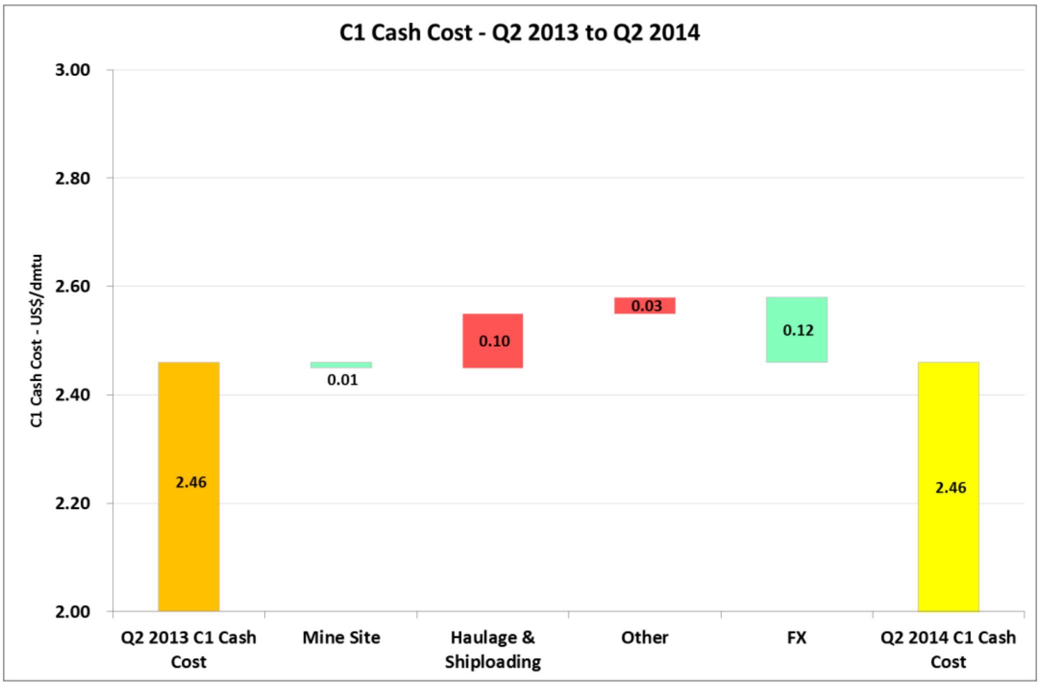
- A $5 million benefit as a result of an increase in the deferred stripping credit.
- A $3 million benefit from the reduction in mining and production expenses reflecting the reduction in C1 manganese unit cash cost over the same period principally due to the relative weakening of the Australian dollar.
- A decrease in royalties of $1 million as a result of the lower revenues in the quarter.
- An decrease in depreciation expense of $1m

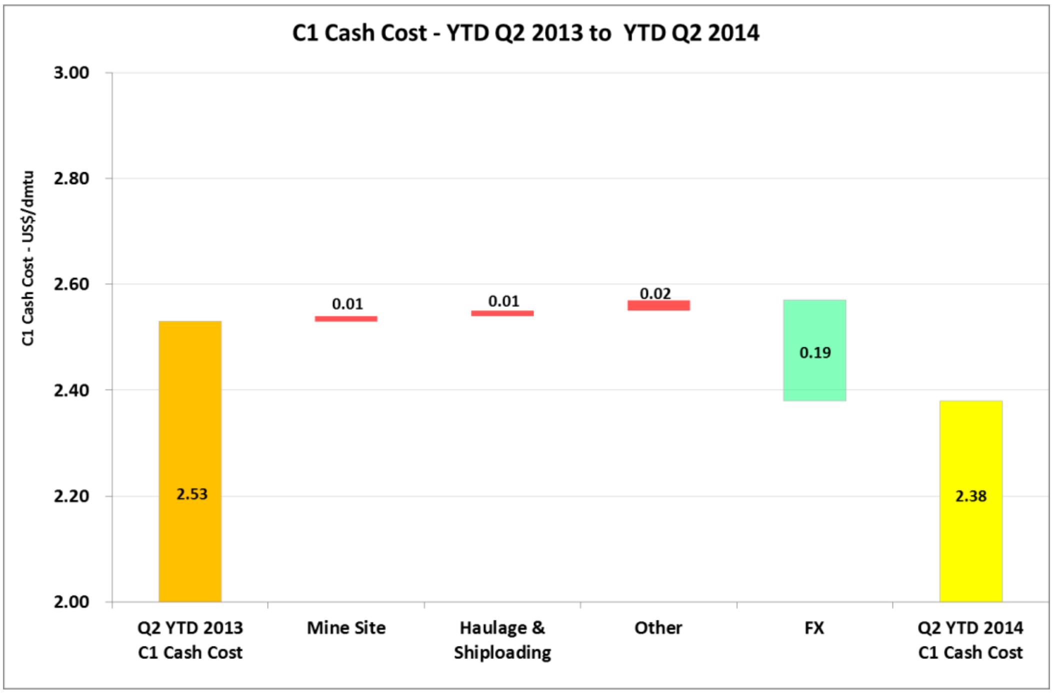
  Offset by:

- A $6 million increase in costs in relation to net movements in inventory as a result of the benefit in Q2 2013 where production volumes exceeded sales volumes.

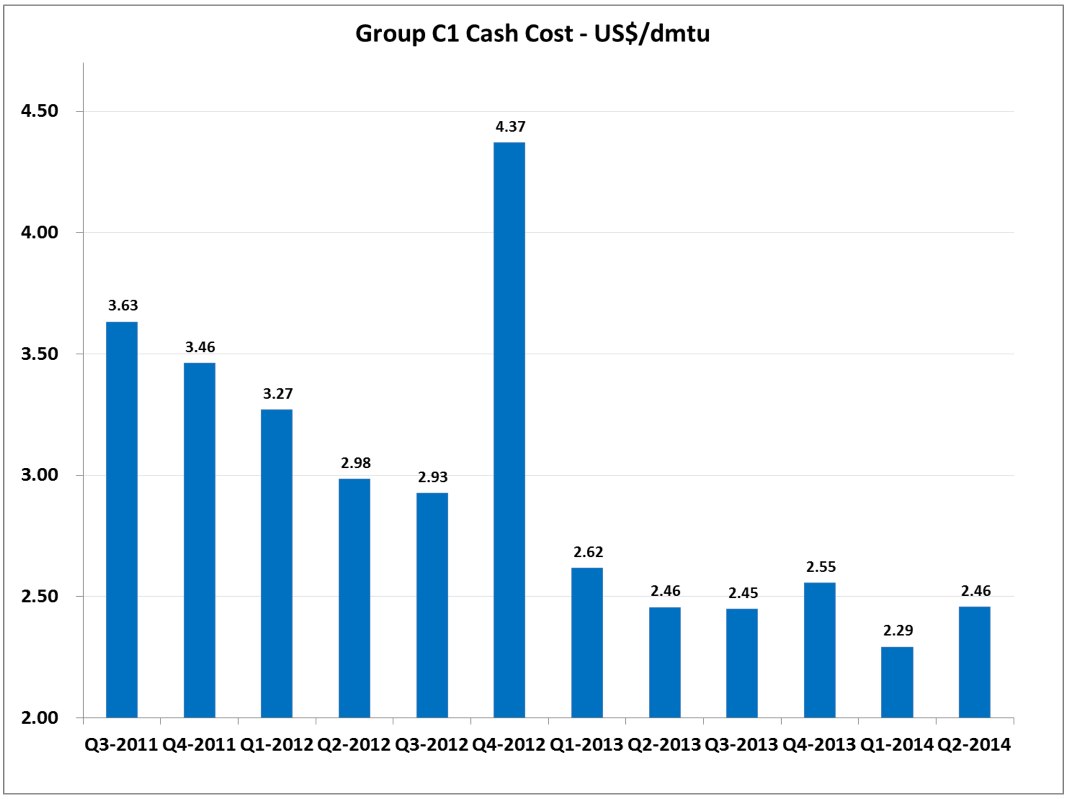
The Company uses the 'C1 cash cost' as a measure of average unit cost. The C1 unit cash cost represents the cash cost incurred at each processing stage from mining through to ship loading, divided by the total manganese dmtu produced. The average C1 unit cost of manganese production, on a "fully expensed" mining cost basis, was $2.46/dmtu for Q2 2014, consistent with Q2 2013.

As the graph below shows during there have been increases in haulage and shiploading costs offset by benefits due to the foreign exchange impact of the relative weakening of the Australian dollar compared to the prior year. The increase in haulage and shiploading costs are as a result of the increased sales volumes compared to ore production in Q2 2014 in Australia resulting from the catch-up of delayed Q1 2014 shipments. This increased unit cost in haulage and shiploading in Q2 2014 offsets the benefit seen in Q1 2014.





The graph below shows the continued progression in the reduction of C1 unit cash cost over the last three years. The C1 cash cost has decreased from $3.63 in Q3 2011 to $2.46/dmtu for Q2 2014 as a result of the successful implementation of efficiency programmes. The increase in Q4 2012 C1 unit cash costs was as a direct result of the planned stripping programme in Ghana.



Gross Profit

Gross profit for the Group has decreased by 35% from $85 million in Q2 2013 to $55 million in Q2 2014, and gross profit margin has decreased from 57% in Q2 2013 to 47% in Q2 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	3 Months Ended		6 Months Ended	
	30 June 2014	30 June 2013[1]	30 June 2014	30 June 2013[1]
Operating profit	**22.7**	**43.6**	**54.4**	**78.7**
Depreciation and amortisation	17.1	17.8	34.4	35.4
Impairment of available for sale financial assets	-	0.7	-	0.7
Net foreign exchange (gain) / loss	(0.7)	10.0	(1.8)	9.7
Adjusted EBITDA	**39.1**	**72.1**	**87.0**	**124.5**
Deferred stripping	(10.0)	(4.7)	(17.9)	(5.5)
Net movement in inventories	(0.6)	(6.6)	(9.5)	(7.9)
'Cash' EBITDA	**28.5**	**60.8**	**59.6**	**111.1**

[1] Balances related to 2013 have been restated to exclude discontinued operations (refer to note 6).

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 the key profitability measure 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 $72 million in Q2 2013 to $39 million in Q2 2014 primarily as a result of the following:

- A decrease in revenues of $33 million due to lower pricing;
- A $6 million reduction of net positive movement in inventories;
- A $1m increase in selling and distribution costs reflecting higher volumes hauled and shipped;
- A $1m increase in general and administration costs;

Offset by:

- An increase in deferred stripping capitalised to the balance sheet of $5 million;
- A reduction in mining and production expenses of $3 million due to the weakening of the Australian dollar;
- A reduction in royalties of $1 million due to lower revenues in the quarter.

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 $61 million in Q2 2013 to $29 million in Q2 2014 due to the decrease in revenues of $33 million offset by the reduction in mining expenses of $3 million.

Other Key Items

Selling and distribution expenses increased from $23 million in Q2 2013 to $24 million in Q2 2014 as a result of the impact of increasing sales volumes on haulage and shiploading costs due to the catch-up in Australian shipments from Q1 2014. General and administrative expenses increased from $9 million in Q2 2013 to $10 million in Q2 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 Q2 2014 of $3 million, consistent with Q2 2013.

Net financing costs have increased from $7 million in Q2 2013 to $24 million in Q2 2014 primarily due to the redemption of the remaining $225 million senior secured notes due 2016 at a premium of 4.4375% which resulted in a finance cost of $10 million compared to an income of $1 million in Q2 2013 where bonds were repurchased at a discount. In addition, on redemption of the remaining senior secured notes the remaining $6 million of capitalised issue costs were expensed in Q2 2014.

During the quarter the Company transferred the Coobina tenement assets and rehabilitation liabilities to PMI as part settlement of the liability arising from the termination of the Super Fines Agreement. The book value of Coobina upon transfer was a net liability of $3 million and the asset transfer has generated a non cash gain of $10 million in Q2 2014. The gain has been included in profit from discontinued operations in the statement of comprehensive income.

The Company has recently received verbal and written notification from TMI stating that it will be unable to continue to perform on the long-term off-take agreement as a result of fundamental operational issues regarding their newly constructed EMM production lines. This has resulted in a termination event and a termination letter has recently been issued to TMI by the Company in order to protect its position. The company has also issued instructions to its bank to draw on the $50 million standby letter of credit to offset the damages that the Company will suffer as a result of the early termination of the off-take agreement. On-going conciliatory discussions are being held between the parties in order to resolve this matter.

Loss / Profit for the Period

The Group has recognised a loss from continuing operations for Q2 2014 of $5 million compared to a profit of $33 million in Q2 2013.

Other Comprehensive Income / Cost

The Group recorded other comprehensive income of $10 million in Q2 2014, compared to an other comprehensive cost of $46 million in Q2 2013. The income in the period was largely as a result of a $5 million foreign currency translation gain due to the continual strengthening of the Australian dollar in the quarter and a $4 million gain on revaluation of available for sale investments. The other comprehensive cost of $46 million in Q2 2013 was as a result of a net foreign currency translation loss due to weakening of the Australian dollar which had depreciated by 12% against the US dollar in the quarter.

Unaudited Condensed Consolidated Statement of Financial Position

	As at	
$m	**30 June 2014**	**31 December 2013**
Cash and cash equivalents	74.4	219.9
Other current assets	149.8	123.6
Non-current assets	541.4	501.6
Total assets	765.6	845.1
Current borrowings	(13.4)	(4.7)
Non-current borrowings	(401.6)	(237.8)
Other current liabilities	(59.8)	(109.3)
Other non-current liabilities	(96.4)	(95.4)
Total liabilities	(571.2)	(447.2)
Total equity	194.4	397.9

Cash and Cash Equivalents

Cash and cash equivalents decreased from $220 million on 31 December 2013 to $74 million on 30 June 2014, a decrease of $146 million. This decrease is mainly as a result of a $386 million cash inflow from the net proceeds of the issue of senior secured notes due 2020 offset by cash outflows of $246 million for the repurchase of senior secured notes due 2016, $250 million repayment of shareholder loans, $35 million paid to PMI as partial payment in settlement of the Super Fines Agreement, and capital expenditure of $21 million.

Non-Current Assets

Non-current assets have increased from $502 million at 31 December 2013 to $541 million at 30 June 2014, an increase of $39 million. The increase in the value of property, plant and equipment and intangible assets is principally due to the relative impact of the strengthening of the Australian dollar during the quarter and the capitalisation of deferred stripping costs.

Borrowings

Current borrowings have increased from $5 million at 31 December 2013 to $13 million at 30 June 2014, an increase of $8 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 $402 million at 30 June 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 utilisation of hire purchase facilities.

Guarantor Group

During the three months ended 30 June 2014, the Guarantors represented 100% (30 June 2013: 100%) of our consolidated revenues and 78.6% (30 June 2013: 84.2%) of our consolidated EBITDA. As of 30 June 2014, the Guarantors represented 70.1% of our consolidated total assets (30 June 2013: 70.3%). As of 30 June 2014, the non-guarantor subsidiaries have $6.4 million (30 June 2013: $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

	3 Months Ended		6 Months Ended	
$m	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**
Cash outflow / generated from operating activities	(39.6)	80.0	(8.9)	149.8
Cash outflow from investing activities	(10.4)	(6.3)	(18.3)	(24.5)
Cash outflow from financing activities	(111.8)	(63.5)	(124.1)	(80.3)
(Decrease) / increase in cash and cash equivalents	(161.8)	10.2	(151.3)	45.0
Cash and cash equivalents at the start of the period	229.0	110.1	219.9	73.9
Exchange gain / (loss) on cash and cash equivalents	0.8	(7.6)	(0.6)	(6.2)
Cash and cash equivalents at the end of the period	68.0	112.7	68.0	112.7

Cash Flows and Liquidity

Net cash generated from operating activities amounted to an outflow of $40 million in Q2 2014 compared to an inflow of $80 million in Q2 2013, a decrease of $120 million. This decrease in operating cash flow was as a result of reduced revenue due to significantly weaker pricing for manganese, delayed cash receipts from customers due to the transition to new trade credit provider, and a payment of $35 million to PMI representing a substantial proportion of the total settlement regarding the Super Fines Agreement.

The net cash outflow from investing activities was $10 million in Q2 2014 compared to an outflow in Q2 2013 of $6 million, due to increased payments for capital expenditure and reduced interest received in the current period.

The net cash outflow from financing activities was $112 million in Q2 2014 compared to a net cash outflow of $64 million in Q2 2013. The cash outflow in the current period relates to net proceeds of $386 million from the issue of the 2020 senior secured notes offset by the $235 million repayment of remaining 2016 senior secured notes and repayment of $250 million of the shareholder loans. 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 $68 million at 30 June 2014.

The liquidity position of the Group is further supported by circa $23 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 $23 million remaining undrawn and available at 30 June 2014.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information
For the Three and Six Months Ended 30 June 2014

Unaudited condensed consolidated statement of comprehensive income for three months ended 30 June 2014

$m	Note	Three months ended 30 June 2014	Three months ended 30 June 2013 *(restated - note 6)*	Six months ended 30 June 2014	Six months ended 30 June 2013 *(restated - note 6)*
Revenue	8	116.4	149.6	225.3	290.3
Cost of sales	9	(61.2)	(65.0)	(115.2)	(140.5)
Gross profit		55.2	84.6	110.1	149.8
Selling and distribution costs		(23.7)	(22.5)	(41.1)	(43.8)
General and administrative costs		(9.7)	(8.7)	(18.1)	(18.7)
Other operating income – net		0.2	0.9	1.7	1.8
Impairment		-	(0.7)	-	(0.7)
Net foreign exchange gain / (loss)		0.7	(10.0)	1.8	(9.7)
Operating profit		22.7	43.6	54.4	78.7
Presented as:					
Adjusted EBITDA		39.1	72.1	87.0	124.5
Depreciation and amortisation		(17.1)	(17.8)	(34.4)	(35.4)
Impairment		-	(0.7)	-	(0.7)
Net foreign exchange gain / (loss)		0.7	(10.0)	1.8	(9.7)
Operating profit		22.7	43.6	54.4	78.7
Finance income		0.3	1.5	0.6	2.5
Financing costs		(24.6)	(8.8)	(31.1)	(18.5)
Net financing costs		(24.3)	(7.3)	(30.5)	(16.0)
(Loss) / profit before tax from continuing operations		(1.6)	36.3	23.9	62.7
Income tax expense		(3.4)	(3.2)	(4.6)	(5.2)
(Loss) / profit for the period from continuing operations		(5.0)	33.1	19.3	57.5
Profit / (loss) for the period from discontinued operations		9.9	(0.3)	9.6	(1.1)
Profit for the period		4.9	32.8	28.9	56.4
Other comprehensive income					
Revaluation of available-for-sale financial assets		4.4	0.5	3.6	5.1
Net foreign currency translation differences		5.3	(46.8)	15.6	(45.6)
Income tax charge on other comprehensive income		-	-	-	0.6
Other comprehensive income / (cost) for the period, net of income tax		9.7	(46.3)	19.2	(39.9)
Total comprehensive income / (cost) for the period		14.6	(13.5)	48.1	16.5
Profit attributable to:					
Owners of the parent company		4.3	32.3	28.1	55.7
Non-controlling interest		0.6	0.5	0.8	0.7
Profit for the period		4.9	32.8	28.9	56.4
Total comprehensive income / (cost) attributable to:					
Owners of the parent company		14.0	(14.0)	47.3	15.8
Non-controlling interest		0.6	0.5	0.8	0.7
Total comprehensive income / (cost) for the period		14.6	(13.5)	48.1	16.5

The notes on pages 21 to 30 are an integral part of this unaudited Consolidated Interim Financial Information.

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

$m	Note	As at 30 June 2014	As at 31 December 2013
Non-current assets			
Property, plant and equipment		356.1	332.4
Intangible assets		91.6	82.7
Goodwill		28.9	28.9
Available-for-sale financial assets		22.6	17.8
Trade and other receivables		0.2	0.2
Deferred tax asset		42.0	39.6
		541.4	**501.6**
Current assets			
Inventories		73.1	65.8
Trade and other receivables		76.7	57.4
Income tax receivable		-	0.4
Cash and cash equivalents	10	74.4	219.9
		224.2	**343.5**
Current liabilities			
Borrowings	11	(13.4)	(4.7)
Trade and other payables		(46.9)	(52.6)
Provisions		(12.9)	(56.7)
		(73.2)	**(114.0)**
Net current assets		**151.0**	**229.5**
Non-current liabilities			
Borrowings	11	(401.6)	(237.8)
Trade and other payables		(6.4)	(5.8)
Provisions		(56.2)	(53.0)
Deferred tax liabilities		(33.8)	(36.6)
		(498.0)	**(333.2)**
Net assets		**194.4**	**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		(7.9)	(27.1)
Retained losses		(753.4)	(760.2)
Total equity attributable to equity holders of the parent company		**180.9**	**383.6**
Non-controlling interests		13.5	14.3
Total equity		**194.4**	**397.9**

The notes on pages 21 to 30 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of changes in equity for the six months ended 30 June 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	-	-	-	-	28.1	28.1	0.8	28.9
Revaluation of available-for-sale financial assets	-	-	-	3.6	-	3.6	-	3.6
Foreign currency translation differences	-	-	21.3	15.6	(21.3)	15.6	-	15.6
Repayment of shareholder loan	-	-	(250.0)	-	-	(250.0)	-	(250.0)
Dividends	-	-	-	-	-	-	(1.6)	(1.6)
Balance at 30 June 2014	10.0	194.7	737.5	(7.9)	(753.4)	180.9	13.5	194.4

$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	-	-	-	-	55.7	55.7	0.7	56.4
Revaluation of available-for-sale financial assets	-	-	-	5.1	-	5.1	-	5.1
Foreign currency translation differences	-	-	-	(45.6)	-	(45.6)	-	(45.6)
Income tax on other comprehensive income	-	-	-	0.6	-	0.6	-	0.6
Dividends	-	-	-	-	-	-	(0.5)	(0.5)
Balance at 30 June 2013	10.0	194.7	966.2	(13.5)	(848.0)	309.4	13.3	322.7

The notes on pages 21 to 30 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of cash flows for the three month and six months ended 30 June 2014

$m	Note	Three months ended 30 June 2014	Three months ended 30 June 2013 (restated – note 6)	Six months ended 30 June 2014	Six months ended 30 June 2013 (restated – note 6)
Cash flow from operating activities					
Profit before tax		(1.6)	36.3	23.9	62.7
Adjustments to add / (deduct) non-cash items:					
Depreciation and amortisation		17.1	17.8	34.4	35.4
Deferred stripping		(10.0)	(4.7)	(17.9)	(5.5)
(Gain) / loss on sale of fixed assets		(0.2)	0.7	-	0.7
Net foreign exchange gain		(0.7)	10.0	(1.8)	9.7
Net financing costs		24.3	7.3	30.5	16.0
Working capital adjustments:					
Decrease / (increase) in inventories		3.0	1.9	(4.9)	0.9
(Increase) / decrease in receivables		(19.6)	22.0	(14.6)	28.0
Decrease in payables		(6.1)	(13.7)	(7.2)	(5.3)
Decrease in provision for contractual obligations		(39.3)	-	(39.3)	-
Net movement in working capital		(62.0)	10.2	(66.0)	23.6
Income taxes paid		(7.4)	(1.5)	(11.2)	(3.1)
Net cash generated from continuing operating activities		(40.5)	76.1	(8.1)	139.5
Net cash generated from discontinued operating activities		0.9	3.9	(0.8)	10.3
Net cash generated from operating activities		**(39.6)**	**80.0**	**(8.9)**	**149.8**
Cash flow from investing activities					
Payments for development expenditure		(6.7)	(5.4)	(9.5)	(6.6)
Purchase of property, plant and equipment		(4.1)	(2.6)	(7.3)	(16.4)
Proceeds from sale of property, plant and equipment		0.8	0.3	1.0	0.3
Payments for mineral exploration and evaluation expenditure		(0.7)	(0.5)	(3.1)	(5.3)
Interest received		0.3	1.9	0.6	2.5
Proceeds from dividends received		-	-	-	1.2
Net cash outflow from continuing investing activities		(10.4)	(6.3)	(18.3)	(24.3)
Net cash outflow from discontinued investing activities		-	-	-	(0.2)
Net cash outflow from investing activities		**(10.4)**	**(6.3)**	**(18.3)**	**(24.5)**
Cash flow from financing activities					
Interest paid		(11.2)	(18.7)	(11.5)	(19.5)
Payments for repurchase of senior secured notes		(235.1)	(43.7)	(245.6)	(58.2)
Net proceeds from issue of senior secured notes		385.7	-	385.7	-
Repayments of related party borrowings		(250.0)	-	(250.0)	-
Repayment of borrowings		(1.2)	(1.1)	(2.7)	(2.6)
Net cash outflow from financing activities of continuing operations		(111.8)	(63.5)	(124.1)	(80.3)
Net cash outflow from financing activities of discontinued operations		-	-	-	-
Net cash outflow from financing activities		**(111.8)**	**(63.5)**	**(124.1)**	**(80.3)**
Net (decrease) / increase in cash and cash equivalents from continuing operations		(162.7)	6.3	(150.5)	34.9
Net increase / (decrease) in cash and cash equivalents from discontinued operations		0.9	3.9	(0.8)	10.1
Net (decrease) / increase in cash and cash equivalents		**(161.8)**	**10.2**	**(151.3)**	**45.0**
Cash and cash equivalents at the beginning of the period		229.0	110.1	219.9	73.9
Exchange gains / (losses) on cash and cash equivalents		0.8	(7.6)	(0.6)	(6.2)
Cash and cash equivalents at the end of the period	10	**68.0**	**112.7**	**68.0**	**112.7**

The notes on pages 21 to 30 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 six months ended 30 June 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 sixth months and quarter ended 30 June 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 3 months ended 30 June $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Revenue	166.8	(17.2)	149.6
Cost of sales	(79.2)	14.2	(65.0)
Selling and distribution costs	(27.8)	5.3	(22.5)
General and administrative costs	(8.3)	(0.4)	(8.7)
Net foreign exchange loss	(8.9)	(1.1)	(10.0)
Finance expense	(8.9)	0.1	(8.8)
Income tax expense	(2.6)	(0.6)	(3.2)
Loss for the period from discontinued operations		0.3	

For the 6 months ended 30 June $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Revenue	333.5	(43.2)	290.3
Cost of sales	(175.6)	35.1	(140.5)
Selling and distribution costs	(55.6)	11.8	(43.8)
General and administrative costs	(18.4)	(0.3)	(18.7)
Net foreign exchange loss	(8.7)	(1.0)	(9.7)
Finance expense	(18.6)	0.1	(18.5)
Income tax expense	(3.8)	(1.4)	(5.2)
Loss for the period from discontinued operations		1.1	

[1]Refer to note 6

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

For the 3 months ended 30 June $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Profit before tax	35.4	0.9	36.3
Adjusted for the following items:			
Depreciation	21.9	(4.1)	17.8
Net foreign exchange gain	8.9	1.1	10.0
Net financing costs	7.4	(0.1)	7.3
Decrease / (increase) in inventories	(0.9)	2.8	1.9
Decrease / (Increase) in receivables	28.2	(6.2)	22.0
Increase in payables	(15.4)	1.7	(13.7)
Net cash generated from operating activities		(3.9)	
Net increase in cash and cash equivalents		3.9	

For the 6 months ended 30 June $m	2013 (previously stated)	Discontinued Operations[1]	2013 (restated)
Profit before tax	60.2	2.5	62.7
Adjusted for the following items:			
Depreciation	43.8	(8.4)	35.4
Net foreign exchange gain	8.7	1.0	9.7
Net financing costs	16.1	(0.1)	16.0
Decrease / (increase) in inventories	1.5	(0.6)	0.9
Decrease / (Increase) in receivables	36.0	(8.0)	28.0
Increase in payables	(8.6)	3.3	(5.3)
Net cash generated from operating activities		(10.3)	
Purchase of property, plant and equipment	(16.6)	0.2	(16.4)
Net cash outflow from investing activities		0.2	
Net increase in cash and cash equivalents		10.1	

[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 June 2014	Average 6 months to 30 June 2014	Average 3 months to 30 June 2013	Average 6 months to 30 June 2013
Australian dollar	0.9327	0.9148	0.9918	1.0155

Period end rates:	30 June 2014	31 December 2013	30 June 2013
Australian dollar	0.9419	0.8873	0.9133

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 for the quarter 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 June 2014 and 30 June 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 3 months ended 30 June	**2014**	**2013**
$m		
Revenue	-	17.2
Cost of sales	-	(14.2)
Selling and distribution costs	-	(5.3)
General and administration expenses	-	0.4
Net foreign exchange gain	-	1.1
Operating loss	-	(0.8)
Net financing costs	-	(0.1)
Profit on disposal of chrome assets	9.9	-
Income tax expense	-	0.6
Profit / (loss) for the period	9.9	(0.3)
Adjusted EBITDA	-	2.2

For the 6 months ended 30 June	**2014**	**2013**
$m		
Revenue	4.7	43.2
Cost of sales	(4.0)	(35.1)
Selling and distribution costs	(1.0)	(11.8)
General and administration expenses	-	0.3
Net foreign exchange gain	-	1.0
Operating loss	(0.3)	(2.4)
Net financing costs	-	(0.1)
Profit on disposal of chrome assets	9.9	-
Income tax expense	-	1.4
Profit / (loss) for the period	9.6	(1.1)
Adjusted EBITDA	(0.3)	5.0

Cashflows from discontinued operations are shown below:

For the 3 months ended 30 June	**2014**	**2013**
$m		
Net cash generated from operating activities	0.9	3.9
Net cash generated from discontinued operations	0.9	3.9

For the 6 months ended 30 June	**2014**	**2013**
$m		
Net cash (outflow) / generated from operating activities	(0.8)	10.3
Net cash outflow from investing activities	-	(0.2)
Net cash (outflow) / generated from discontinued operations	(0.8)	10.1

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 June 2014 and 2013 is as follows:

Three months ended 30 June 2014	**Manganese**	**Other**	**Total from continuing operations**	**Chromite**	**Total**
$m					
Revenue from external customers	115.3	1.1	116.4	-	116.4
Cost of goods sold	(60.2)	(1.0)	(61.2)	-	(61.2)
Gross profit	55.1	0.1	55.2	-	55.2
Adjusted EBITDA	38.6	0.5	39.1	-	39.1
Depreciation and amortisation	(17.0)	(0.1)	(17.1)	-	(17.1)
Net foreign exchange gain	0.5	0.2	0.7	-	0.7
Finance income	-	0.3	0.3	-	0.3
Finance expense	(0.7)	(23.9)	(24.6)	-	(24.6)
Profit on disposal of chrome assets	-	-	-	9.9	9.9
Profit / (loss) before tax	21.4	(23.0)	(1.6)	9.9	8.3
Income tax expense			(3.4)	-	(3.4)
(Loss) / profit for the period			**(5.0)**	**9.9**	**4.9**

Three months ended 30 June 2013	**Manganese**	**Other**	**Total from continuing operations**	**Chromite**	**Total**
$m					
Revenue from external customers	149.6	-	149.6	17.2	166.8
Cost of goods sold	(64.6)	(0.4)	(65.0)	(14.2)	(79.2)
Gross profit/ (loss)	85.0	(0.4)	84.6	3.0	87.6
Adjusted EBITDA	80.3	(8.2)	72.1	2.2	74.3
Depreciation and amortisation	(17.7)	(0.1)	(17.8)	(4.1)	(21.9)
Impairment of available for sale financial assets	-	(0.7)	(0.7)	-	(0.7)
Net foreign exchange (loss) / gain	(5.5)	(4.5)	(10.0)	1.1	(8.9)
Finance income	-	1.5	1.5	-	1.5
Finance expense	(0.6)	(8.2)	(8.8)	(0.1)	(8.9)
Profit / (loss) before tax	56.5	(20.2)	36.3	(0.9)	35.4
Income tax expense			(3.2)	0.6	(2.6)
Profit / (loss) for the period			**33.1**	**(0.3)**	**32.8**

Six months ended 30 June 2014	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Revenue from external customers	223.7	1.6	225.3	4.7	230.0
Cost of goods sold	(113.6)	(1.6)	(115.2)	(4.0)	(119.2)
Gross profit	110.1	-	110.1	0.7	110.8
Adjusted EBITDA	91.6	(4.6)	87.0	(0.3)	86.7
Depreciation and amortisation	(34.2)	(0.2)	(34.4)	-	(34.4)
Net foreign exchange gain / (loss)	0.7	1.1	1.8	-	1.8
Finance income	-	0.6	0.6	-	0.6
Finance expense	(1.3)	(29.8)	(31.1)	-	(31.1)
Profit on disposal of chrome assets	-	-	-	9.9	9.9
Profit / (loss) before tax	56.8	(32.9)	23.9	9.6	33.5
Income tax expense			(4.6)	-	(4.6)
Profit / (loss) for the period			19.3	9.6	28.9

30 June 2014	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Total assets	590.1	175.2	765.3	0.3	765.6
Total liabilities	(186.4)	(384.8)	(571.2)	-	(571.2)

Six months ended 30 June 2013	Manganese	Other	Total from continuing operations	Chromite	Total
$m					
Revenue from external customers	290.3	-	290.3	43.2	333.5
Cost of goods sold	(138.9)	(1.6)	(140.5)	(35.1)	(175.6)
Gross profit	151.4	(1.6)	149.8	8.1	157.9
Adjusted EBITDA	140.6	(16.1)	124.5	5.0	129.5
Depreciation and amortisation	(34.6)	(0.8)	(35.4)	(8.4)	(43.8)
Net foreign exchange gain / (loss)	(5.5)	(4.2)	(9.7)	1.0	(8.7)
Impairment of available for sale financial assets	-	(0.7)	(0.7)	-	(0.7)
Finance income	-	2.5	2.5	-	2.5
Finance expense	(1.4)	(17.1)	(18.5)	(0.1)	(18.6)
Profit / (loss) before tax	99.1	(36.4)	62.7	(2.5)	60.2
Income tax expense			(5.2)	1.4	(3.8)
Profit / (loss) for the period			57.5	(1.1)	56.4

31 December 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:

$m	**3 Months Ended 30 June** 2014	2013 *(restated - note 6)*	**6 Months Ended 30 June** 2014	2013 *(restated - note 6)*
Adjusted EBITDA	39.1	72.1	87.0	124.5
Depreciation and amortisation	(17.1)	(17.8)	(34.4)	(35.4)
Impairment of available for sale financial asset	-	(0.7)	-	(0.7)
Net foreign exchange gain / (loss)	0.7	(10.0)	1.8	(9.7)
Net financing costs	(24.3)	(7.3)	(30.5)	(16.0)
Profit / (loss) before tax	(1.6)	36.3	23.9	62.7

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

The 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:

	Three months ended 30 June		Six months ended 30 June	
$m	**2014**	**2013**	**2014**	**2013**
China	72.8	125.1	160.9	241.6
Ukraine*	23.8	12.1	30.1	14.0
India	8.8	-	8.8	-
Vietnam	5.6	5.0	12.7	8.9
South Korea	3.0	7.1	10.2	18.4
Norway	2.3	-	2.3	-
USA*	-	0.1	-	3.3
Other	0.1	0.2	0.3	4.1
Total revenue by geographic destination from continuing operations	116.4	149.6	225.3	290.3
Revenue from discontinued operations	-	17.2	4.7	43.2

*Sales to related parties – see note 13

9. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
$m	**2014**	**2013**	**2014**	**2013**
Mining and production expenses - other	45.7	48.9	91.7	99.8
Depreciation and amortisation	16.9	17.8	34.1	35.3
Royalties and other taxes	8.1	9.4	15.2	18.7
Mining and production expenses - deferred stripping	(10.0)	(4.7)	(17.9)	(5.5)
Net movement in inventories	(0.6)	(6.6)	(9.5)	(7.9)
Purchases of third party ore	1.1	-	1.6	-
Other	-	0.2	-	0.1
Total cost of sales from continuing operations	61.2	65.0	115.2	140.5
Cost of sales from discontinued operations	-	14.2	4.0	35.1

10. Cash and cash equivalents

$m	**As at 30 June 2014**	**As at 31 December 2013**
Cash at bank and in hand	58.3	202.6
Short-term bank deposits	16.1	17.3
Cash and cash equivalents at the end of the period	74.4	219.9
Less: bank overdrafts	(6.4)	-
Net cash and cash equivalents per the cash flow statement	68.0	219.9

11. Borrowings

$m	**30 June 2014**	**31 December 2013**
Current		
Bank overdrafts	6.4	-
Obligations under finance leases	7.0	4.7
	13.4	4.7
Non-current		
Senior secured high yield notes 2016	383.5	228.2
Obligations under finance leases	18.1	9.6
	401.6	237.8
Total borrowings	415.0	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 $9.1 million and unamortised issue costs of $7.4 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 June 2014	31 December 2013
Interest free and repayable on demand	-	-
6 months or less	6.4	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
Borrowings not exposed to changes in interest rates	408.6	242.5
	415.0	242.5

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

$m	30 June 2014	31 December 2013
US dollar	414.3	241.3
Australian dollar	0.7	1.2
	415.0	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 six months ended 30 June 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						
3 months to 30 June 2014	23.8	-	-	-		
3 months to 30 June 2013	12.2	-	-	-		
6 months to 30 June 2014	30.1		-	-		
6 months to 30 June 2013	17.3	-	-	-		
At 30 June 2014					-	-
At 31 December 2013					4.6	-
Banks related to the ultimate shareholder						
3 months to 30 June 2014	-	-	-	-		
3 months to 30 June 2013	-	-	0.1	-		
6 months to 30 June 2014	-	-	-	-		
6 months to 30 June 2013	-	-	0.3	-		
At 30 June 2014					-	-
At 31 December 2013					-	-
Other companies related to the ultimate shareholder						
3 months to 30 June 2014	-	0.7	-	-		
3 months to 30 June 2013	-	0.7	-	-		
6 months to 30 June 2014		1.5	-	-		
6 months to 30 June 2013	-	1.3	-	-		
At 30 June 2014					-	-
At 31 December 2013					-	-

<u>Finance companies related to the ultimate shareholder</u>

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

<u>Banks related to the ultimate shareholder</u>

The Group holds bank accounts with Privat Bank (Cyprus), which the ultimate shareholder has a minority interest in. As at 30 June 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

The Company has recently received verbal and written notification from TMI stating that it will be unable to continue to perform on the long-term off-take agreement as a result of fundamental operational issues regarding their newly constructed EMM production lines. This has resulted in a termination event and a termination letter has recently been issued to TMI by the Company in order to protect its position. The company has also issued instructions to its bank to draw on the $50 million standby letter of credit to offset the damages that the Company will suffer as a result of the early termination of the off-take agreement. On-going conciliatory discussions are being held between the parties in order to resolve this matter.

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.