Consolidated Minerals Limited
Financial Results for the three months and six months to 30 June 2016

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

Report for the Second Quarter ending 30 June 2016

26 August 2016

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 2016.

Market and Liquidity Update

- Although the Company ended 2015 with net cash and cash equivalents of $76 million, the weakness and uncertain outlook on pricing for manganese ore during the first quarter of 2016 as well as the costs associated with placing the Woodie Woodie mine into care and maintenance put further pressure on liquidity, with the Company's net cash and cash equivalents having reduced to US$39 million at 31 March 2016.
- As a result of the level and speed of depletion of the Group's cash balances the Company announced on 8 March 2016 that it anticipated discussions with holders of the 8.000% Senior Secured Notes due May 15, 2020 regarding these Notes.
- On 13 May 2016 the Company announced the formation of and its engagement in constructive dialogue with the noteholder committee in light of the difficult trading environment. The Company further announced that it had elected to utilise the 30 day coupon grace period to further discussions with committee and as a result would not pay the coupon payment due on 15 May 2016 in respect of the Notes.
- The Company announced on 14 June 2016 that it had entered into a Standstill and Lock-up Agreement with Noteholders representing 83% of the outstanding Notes, pursuant to which these Noteholders have agreed to support certain amendments to the Notes through a consent solicitation process.
- Further to the 14 June 2016 announcement the Company further announced on 8 July 2016 an invitation to noteholders to consent to certain amendments to the terms and conditions of the Notes as further described in the consent solicitation statement.
- On 15 August 2016 the Company announced the successful completion of the solicitation of consents to amend the indenture Supported by the holders of 96.43% of its 8.000% Senior Secured Notes due May 15, 2020.

Key Highlights

- Total tonnes of manganese ore production for Q2 2016 decreased 27% compared to Q2 2015. Australian manganese ore production decreased 72% offset by the 15% increase in Ghanaian manganese ore production compared to Q2 2015. The reduction in Australian manganese ore production was a direct result of the Australian operations being placed into care and maintenance on 2nd February 2016 with production in Q2 2016 arising from limited processing of remaining low grade ROM stockpiles. Overall, total manganese ore production in the first half of 2016 was 36% lower compared to the equivalent period in 2015.
- Manganese C1 cash cost[1] for Q2 2016 was $1.30/dmtu compared to $1.99/dmtu in Q2 2015, a decrease of 35%. The C1 cash cost for Q2 2016 includes no costs relating to the Australian operations as the mine was on care and maintenance. The manganese C1 cash cost for the first half of 2016 was $1.52/dmtu compared to $1.98/dmtu in H1 2015. The H1 2016 C1 cash cost includes costs relating to production in the Australian operations up to 2nd February 2016 when the mine was placed into care and maintenance.
- Total manganese sales tonnes decreased 10% in Q2 2016 compared to Q2 2015. Australian manganese tonnes sold decreased 20% and Ghanaian manganese tonnes sold decreased 4%. Overall, total manganese sales tonnes in the first half of 2016 were 12% lower compared to H1 2015.
- Average manganese FOB sales price achieved decreased 2% from $2.47 in Q2 2015 to $2.41 in Q2 2016. Overall, average manganese FOB sales price decreased 34% from $3.01 in H1 2015 to $1.99 in H1 2016.

- The quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q2 2016 was $3.03/dmtu, a decrease of 2% year on year from $3.10/dmtu in Q2 2015 but up 46% from $2.07/dmtu in the previous quarter (Q1 2016).
- Adjusted EBITDA[2] for Q2 2016 was $3 million, a reduction of $12 million from $15 million Q2 2015. This decrease is principally due to lower revenues as a result of lower pricing and reduced volumes sold. Cash EBITDA for Q2 2016 was $16 million, compared to $1 million in Q2 2015 with cash EBITDA in Q2 2016 including a $13 million add back for net movement in inventories whereas Q2 2015 included an $11 million deduction for capitalised deferred stripping.
- The Group recorded a loss for the quarter of $11 million compared to a profit of $22 million in Q2 2015. Included within the loss in Q2 2016 was an amount of $3 million in respect of restructuring costs incurred in Australia following the decision to place the mine into care and maintenance.
- For the first six months of 2016 the Group recorded a loss of $45 million compared to a profit of $19 million in the equivalent period in 2015. Included within the H1 2016 loss was $14 million of restructuring costs relating to the Australian operations. In H1 2015 the profit included $50 million of other operating income relating to funds received from Tianyuan Manganese Industry Co. Ltd (TMI) for access to future purchases of Ghanaian manganese ore.
- During the quarter the group had an operating cash inflow of $23 million compared to an inflow of $55 million in Q2 2015.
- Cash and cash equivalents net of overdrafts increased in Q2 2016 by $16 million to $55 million on 30 June 2016.
- Total capital expenditure for the group in Q2 2016 was $5 million, 44% higher than in Q2 2015; however, capital expenditure in H1 2016 was $6 million, 26% lower than in H1 2015.

Key Performance Indicators

	Quarter ended			Six months ended		
Unaudited	**30 June 2016**	**30 June 2015**	**% change**	**30 June 2016**	**30 June 2015**	**% change**
Manganese ore produced (dry kt)	560.7	767.2	(26.9%)	950.4	1,481.0	(35.8%)
Manganese ore sales (dry kt)	628.0	700.1	(10.3%)	1,118.2	1,275.1	(12.3%)
Average C1 manganese unit cash cost ($/dmtu)[1]	1.30	1.99	(34.7%)	1.52	1.98	(23.2%)
Average manganese FOB Sales price ($/dmtu)	2.41	2.47	(2.4%)	1.99	3.01	(33.9%)
Revenue ($ million)	47.5	61.0	(22.1%)	68.9	142.8	(51.8%)
Adjusted EBITDA ($ million)[2]	2.7	14.9	(81.9%)	(6.2)	39.0	(115.9%)
'Cash' EBITDA ($ million)[2]	15.6	0.8	1,850.0%	4.4	16.9	(74.0%)
(Loss) / profit for the period	(11.3)	22.0	(151.4%)	(44.5)	18.5	(340.5%)

	At 30 June 2016	**At 31 Dec 2015**	**% change**
Cash and cash equivalents ($ million)	55.3	79.1	(30.1%)
Gross debt ($ million)	(384.6)	(390.3)	(1.5%)
Gross debt excluding high yield bonds ($ million)	(10.2)	(17.2)	(40.7%)
Net debt ($ million)	(329.3)	(311.2)	5.8%

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

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

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

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

"During the second quarter of 2016 Consmin's production decreased by 27% compared to the corresponding period in 2015. This reduction was due to the decision taken to suspend operations at the Australian Woodie Woodie mine with effect from 2nd February 2016 and commence the transition into care and maintenance. As a result production from Australia was 72% lower in the quarter with production only relating to limited processing of remaining ROM stockpiles. Production from our Nsuta mine in Ghana in the quarter, however, increased 15% compared to the corresponding period in 2015 underpinned by improved demand for the Company's Ghanaian ore.

The manganese C1 cash cost for the quarter was $1.30/dmtu, an improvement of 35% from $1.99/dmtu for Q2 2015. The C1 cash cost for Q2 2016 does not include any costs or production from the Australian operations due to them being placed on care and maintenance.

The company's manganese ore shipments totalled 628k dry tonnes during Q2 2016, a decrease of 10% compared to Q2 2015. Shipments of Australian manganese ore were limited to existing stockpiles in place at the time of the suspension of operations with sales efforts focussing on maximising revenue due to the improved pricing seen in Q2 2016 in comparison to that in Q1 2016. Sales tonnes from Ghana were 4% lower than in Q2 2015 due to the planned final shipment of June 2016 slipping into the first few days of July 2016. Including this vessel, sales of Ghanaian ore surpassed 2 million tonnes on an annualised basis during the quarter, which is in line with the Ghana record sales levels achieved in 2013.

The quarterly average 44% benchmark CIF price for manganese lump in Q2 2016 was $3.03/dmtu, up 46% from $2.07/dmtu in Q1 2016. This significant price rise was attributable to a very substantial drawdown of China's port stocks in Q1 2016, following the production curtailments from major ore suppliers, including the start of care and maintenance at our Woodie Woodie mine. As the result of an improvement in steel production and prices in China, ore suppliers were able to leverage reduced availability of manganese ore to push up prices aggressively, leading to high grade ore prices achieving levels over $4.00/dmtu in April and May. It should be noted that these price rises were not driven by market fundamentals but rather acute supply tightness and such prices began to unwind towards the end of Q2 with prices for high grade ores falling to below $3.00/dmtu for July shipments.

It seems likely that the recent price volatility will continue throughout the remainder of 2016 as market participants adjust to improved yet fragile steel prospects in China. Supplier discipline should continue to be the key factor although it remains difficult to predict. The Company is cautiously optimistic that the price lows seen in the early months of the year will not reoccur during the remainder of 2016.

Although the Company ended 2015 with net cash and cash equivalents of $76 million, the weakness of pricing for manganese ore in Q1 2016, as well as the costs associated with placing the Woodie Woodie mine into care and maintenance put further pressure on liquidity, with the Company's net cash and cash equivalents having reduced to US$39 million at 31 March 2016. As a result of the level and speed of depletion of the Group's liquidity the Company announced on 8 March 2016 that it anticipated discussions with holders of the 8.000% Senior Secured Notes due May 15, 2020 regarding these Notes, with discussions commencing in April 2016 to implement a solution to improve the Company's liquidity.

Following the announcement of its engagement with the noteholder committee the Company announced that it had elected to utilise the 30 day coupon grace period to further discussions and would not pay the coupon payment due on 15 May 2016. In June the Company announced it had entered into the Standstill and Lock-up Agreement with Noteholders representing 83% of the outstanding Notes who had agreed to support certain amendments to the Notes through a consent solicitation process. On 8 July the Company further announced an invitation to noteholders to consent to certain modifications of the terms and conditions of the Notes.

On 15 August the Company announced that it had received consents from 96.43% of the Noteholders and as a result is pleased with the outcome of the consent solicitation process and thanks the majority of Holders for their support. These amendments will have the beneficial effect of providing the Company with significant additional liquidity during the current period of low and volatile manganese prices."

About Consolidated Minerals Limited

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 products. The Group's operations are primarily conducted through four major operating/trading subsidiaries: Pilbara Manganese Pty Limited (Australia), Ghana Manganese Company Limited (Ghana), Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

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

Company Information

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

Conference Call

There will be a conference call for analysts and bondholders, the details of which will be released on the Company website www.consmin.com.

Market, Economic and Industry Data

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

Forward looking statements

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

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

Global steel production in Q2 2016 was flat year on year at 410 million tonnes, but up 6.1% compared to the previous quarter (Q1 2016). China accounted for 51% of global production in Q2 as production in the country rose by 1.3% year on year to 209 million tonnes during the quarter and by 9.2% from the previous quarter. After a very poor first quarter, imports of manganese ore to China rose by 47% quarter on quarter to 4.4 million tonnes in Q2 (17.6 million tonnes annualised) and by 17% year on year.

The company's manganese ore shipments totalled 628k dry tonnes during Q2 2016, a decrease of 10% year on year compared to 700k dry tonnes shipped in Q2 2015. Our shipments of Australian manganese ore were 226k dry tonnes in Q2, a decrease of 20% year on year. All sales were from material stockpiled before the Woodie Woodie mine was put on care and maintenance in early February 2016. Sales from Ghana fell 4% to 402k dry tonnes compared to 418k dry tonnes in Q2 2015.

The quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q2 2016 was $3.03/dmtu, a decrease of 2% year on year from $3.10/dmtu in Q2 2015 but up 46% from $2.07/dmtu in the previous quarter (Q1 2016). The significant price rise compared to the first quarter was attributable to the very substantial drawdown of China's port stocks in Q1 2016, which fell to below 1.2 million tonnes in March compared with circa 2.7 million tonnes at the start of the year, as major ore suppliers announced production curtailments in Q1 2016, including a start of care and maintenance at the Woodie Woodie mine. An improvement in steel production and prices due to governmental support in China allowed suppliers to leverage reduced availability of ore to push up prices aggressively, leading to high grade ore prices achieving levels over $4.00/dmtu in April and May.

After falling to multi-year lows in January and February, the manganese ore price rise in Q2 was welcomed by suppliers and traders. However, the scale of these price rises were not driven by underlying market fundamentals but rather acute supply tightness and such prices began to unwind towards the end of Q2 with prices for high grade ores falling to below $3.00/dmtu for July shipments.

The low prices in the early part of 2016 fell below most suppliers' cost of production eliciting cuts in mine production and shipments globally, which led to the price spike in Q2. In Q1 China ore imports averaged less than one million tonnes per month, whereas in Q2 imports averaged around 1.5 million tonnes per month, as mainstream and marginal suppliers significantly increased shipments. It seems likely that recent price volatility will continue throughout the remainder of the year as market participants adjust to improved yet fragile steel prospects in China. Supplier discipline should continue to be the key factor although it remains difficult to predict. The company is cautiously optimistic that the price lows seen in the early months of the year will not reoccur during the remainder of 2016.

Operational Review

	Quarter ended			Six months ended		
Summary Overview (Unaudited)	**30 June 2016**	**30 June 2015**	**% change**	**30 June 2016**	**30 June 2015**	**% change**
Total mined (mBCM)	1.4	3.3	(57.6%)	3.3	6.4	(48.4%)
Manganese ore produced (dry kt)	560.7	767.2	(26.9%)	950.4	1,481.0	(35.8%)
Australia	*104.9*	*371.3*	*(71.7%)*	*180.2*	*775.2*	*(76.8%)*
Ghana	*455.8*	*395.9*	*15.1%*	*770.2*	*705.8*	*9.1%*
Manganese ore produced (mdmtu)	15.0	27.6	(45.7%)	26.9	55.2	(51.3%)
Australia	*2.8*	*17.0*	*(83.5%)*	*5.8*	*35.7*	*(83.8%)*
Ghana	*12.2*	*10.6*	*15.1%*	*21.1*	*19.5*	*8.2%*
Manganese ore sales (dry kt)	628.0	700.1	(10.3%)	1,118.2	1,275.1	(12.3%)
Australia	*226.0*	*282.2*	*(19.9%)*	*298.4*	*645.5*	*(53.8%)*
Ghana	*402.0*	*417.9*	*(3.8%)*	*819.8*	*629.6*	*30.2%*
Manganese ore sales (mdmtu)	19.7	24.7	(20.2%)	34.6	47.5	(27.2%)
Australia	*8.5*	*13.1*	*(35.1%)*	*11.8*	*30.0*	*(60.7%)*
Ghana	*11.2*	*11.6*	*(3.4%)*	*22.8*	*17.5*	*30.3%*
Total capex – including exploration ($ million)	4.6	3.2	43.8%	6.0	8.1	(25.9%)
Average unit cash cost ($/dmtu)	1.30	1.99	(34.7%)	1.52	1.98	(23.2%)

Australia: Woodie Woodie

Care and maintenance
Despite relentless cost-cutting and marketing efforts to remain competitive, the Company announced on the 22nd January 2016 that as a direct result of the current record low prices for manganese ore, the Board had taken the difficult decision to suspend operations at Woodie Woodie and place the mine into care and maintenance. Mining and processing operations ceased on the 2nd February 2016 and the mine was transitioned safely and efficiently into care and maintenance during February and March.

Production
No mining took place in Q2 2016 as a result of the mine being placed on care and maintenance, whilst some limited processing of remaining low grade ROM stockpiles was performed. Production in Q2 totalled 105k dry tonnes at an average grade of 27% manganese, down 72% on the corresponding period in 2015.

Capital expenditure
Capital expenditure during Q2 2016 totalled $1.7 million comprising of $0.7 million for Woodie Woodie exploration, $0.5 million for Pilbara Iron Ore exploration and $0.5 million for the final cash payment for PPE projects completed in 2015.

Exploration
The first phase of a modest 4km drilling program for 2016 was completed in Q2 2016, with 1,200m of RC drilling being completed in the Woodie Woodie region. The second phase of the program is expected to be completed in Q3 2016.

Ghana: Ghana Manganese Company Limited ('GMC')

Safety
The GMC mine witnessed an excellent safety record at Nsuta, with no major reportable incidents or accidents during Q2 2016.

Production
Production at GMC totalled 456k dry tonnes of manganese ore (12.2 million dmtu) during the second quarter of 2016, representing a 15% increase in both tonnes and dmtu's compared to the same quarter of 2015. In Q2 2016 GMC sold 402k tonnes of manganese ore (11.2 million dmtu), representing a 4% decrease compared to the same quarter of 2015.

Capital Expenditure
A total of $2.9 million was spent on capital expenditure projects during the second quarter of 2016, out of which $2.8 million was spent on critical spares and components for the mobile and fixed equipment. An amount of $0.1 million was spent on exploration activities during Q2 2016.

Exploration
During the second quarter of 2016 infill drilling focused on the continued resource development of our main Pit C. At the same time we commenced exploration drilling at the Yakau prospecting license of Hotopo Resources Limited. Results are expected during the third quarter of 2016.

Projects

Port Development Project:
The Ghana Ports and Harbours Authority (GPHA) continues to actively pursue the port development project at Takoradi. Additional dredging and berth construction operations have commenced and the new berth will now be extended to 700 metres in length (previously 250 metres) and a salt water draught of 16 metres (previously 14 metres).

Pit C-North Development:
The Company completed the re-counting exercise and a Resettlement Monitoring Committee has been constituted and received Ministerial approval. Negotiations are being progressed to obtain the identified land for this project.

Other

Mindy Mindy
Consmin has a significant interest in the Mindy Mindy iron ore tenements through its 50% shareholding in Pilbara Iron Ore Pty Ltd ('PIO'). PIO's claim that it has earned an 80% ownership interest in one of the tenements is subject to court determination. A decision adverse to PIO was handed down in the Warden's Court on 16 September 2014. PIO lodged an appeal in the Supreme Court of Western Australia against the Warden's decision. The hearing of that appeal concluded on 31 March 2016, with the Judge reserving his decision. A decision is expected to be handed down in late 2016.

OM Holdings Limited ('OM Holdings')
OM Holdings is, primarily, a vertically integrated manganese mining, processing and marketing company listed on the ASX (ticker: OMH). At 30 June 2016, the Company's holding in OM Holdings remained at 8.0%, consistent with 31 December 2015. The market value of the Company's holding in OM Holdings as at 30 June 2016 was $3.5 million.

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) and David Slater (Executive Director and Chief Financial Officer). Paul Muller (Managing Director: Australia) resigned from the GEC on 10 August 2016 and departed Consmin on 12 August 2016, following the safe transition of the Woodie Woodie mine into care and maintenance.

Financial Review

Unaudited Condensed Consolidated Statement of Comprehensive Income

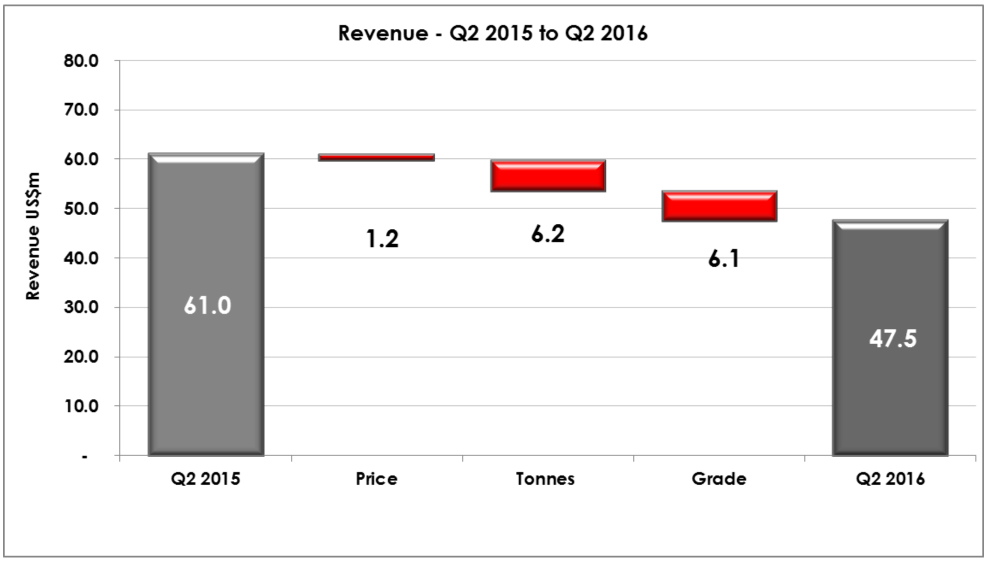
$m	Quarter ended		Six months ended	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Revenue	47.5	61.0	68.9	142.8
Cost of sales	(26.4)	(46.3)	(55.8)	(93.6)
Gross profit	**21.1**	**14.7**	**13.1**	**49.2**
Selling and distribution costs	(10.7)	(15.1)	(16.3)	(33.6)
General and administrative costs	(14.4)	(9.2)	(23.5)	(18.4)
Other operating income - net	0.1	50.7	0.5	50.9
Impairment reversal / (expense) of available-for-sale financial assets	1.5	-	(0.9)	-
Exploration write-off expense	-	(8.9)	-	(8.9)
Net foreign exchange (loss) / gain	(0.5)	(0.5)	0.1	(2.3)
Operating (loss) / profit	**(2.9)**	**31.7**	**(27.0)**	**36.9**
Presented as:				
Adjusted EBITDA	**2.7**	**14.9**	**(6.2)**	**39.0**
Depreciation and amortisation	(3.6)	(23.2)	(6.5)	(40.3)
Impairment reversal / (expense) of available-for-sale financial assets	1.5	-	(0.9)	-
Exploration write-off expense	-	(8.9)	-	(8.9)
Restructuring costs	(3.0)	(0.6)	(13.5)	(0.6)
Settlement income	-	50.0	-	50.0
Net foreign exchange (loss) / gain	(0.5)	(0.5)	0.1	(2.3)
Operating profit	**(2.9)**	**31.7**	**(27.0)**	**36.9**
Net financing costs	(8.8)	(9.2)	(17.6)	(18.2)
Profit / (loss) before tax	**(11.7)**	**22.5**	**(44.6)**	**18.7**
Income tax credit / (charge)	0.4	(0.5)	0.1	(0.2)
(Loss) / profit for the period	**(11.3)**	**22.0**	**(44.5)**	**18.5**

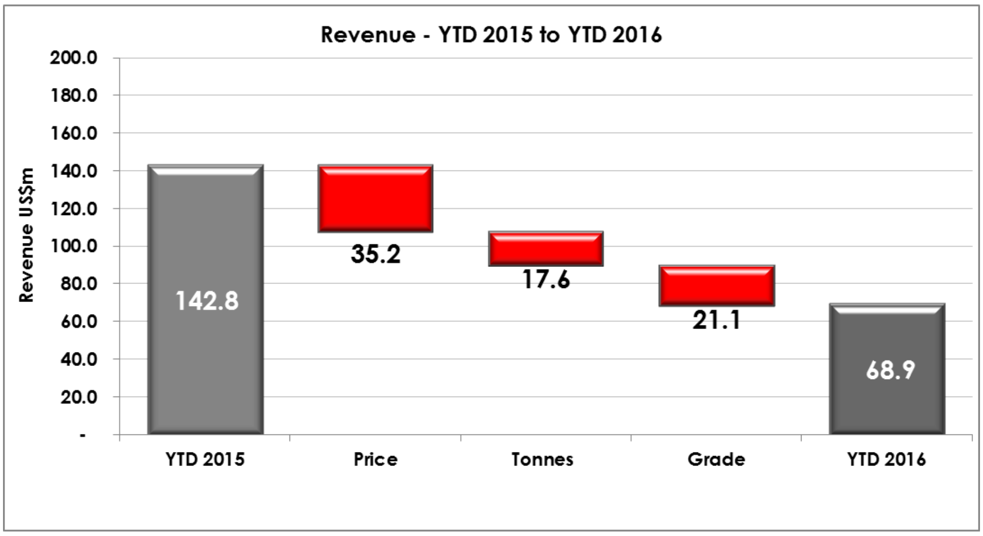
Revenue

The consolidated revenue for the Group decreased by 22% from $61 million in Q2 2015 to $48 million in Q2 2016 as a result of the combination of lower volume tonnes sold, lower average grade sold and lower pricing. The average price of our manganese ore sold in Q2 2016 was $2.41/dmtu FOB, compared to $2.47/dmtu FOB in Q2 2015, a decrease of 2%. The decrease in the average ore price also reflects the reduction in the average grade of manganese ore sold which was 31.4% compared to 35.3% in Q2 2015 as a result of a higher percentage of lower grade Ghanaian manganese ore sold.

Manganese volumes sold (in tonnes) decreased by 10% in Q2 2016 compared to Q2 2015 with a 20% reduction in Australian sales tonnes and a 4% reduction in Ghanaian sales tonnes. Sales from Australia declined as a result of the transition into care and maintenance.

The graphs below summarise the decrease in revenue compared to Q2 2015 and YTD Q2 2015:





Cost of Sales

The cost of sales for the Group decreased by 43% from $46 million in Q2 2015 to $26 million in Q2 2016. An analysis of the cost of sales is as follows:

$m	Quarter ended 30 June 2016	Quarter ended 30 June 2015	Quarter ended % Movement	Six month ended 30 June 2016	Six month ended 30 June 2015	Six month ended % Movement
Mining and production expenses	7.1	33.0	(78.5%)	34.2	64.5	(47.0%)
Depreciation and amortisation	3.2	23.0	(86.1%)	6.1	40.0	(84.8%)
Royalties and other taxes	3.2	4.3	(25.6%)	4.9	10.9	(55.0%)
Deferred stripping	0.3	(10.5)	(102.9%)	(0.1)	(18.4)	(99.5%)
Net movement in inventories	12.6	(3.6)	(450.0%)	10.7	(3.7)	(389.2%)
Other	-	0.1	(100.0%)	-	0.3	(100.0%)
Total cost of sales	**26.4**	**46.3**	**(43.0%)**	**55.8**	**93.6**	**(40.4%)**

The principal factors driving this $20 million reduction are as follows:

- A $26 million benefit from reduced mining and production costs reflecting cost savings following the decision to place the Australian operations into care and maintenance with effect from 2 February 2016;
- A $20 million decrease in depreciation and amortisation as a result of the reduced carrying value of Australian assets compared to Q2 2015 following the FY 2015 impairment and reduced production in Australia;
- A $1 million decrease in royalties as a result of lower revenues in the quarter;

offset by:

- A $16 million increased cost in relation to net movement in inventories as a result of sales volumes exceeding production volumes in the quarter and the NRV write-down of remaining Australian inventory;
- An $11 million increased cost in relation to deferred stripping as a result of no capitalisation of deferred stripping costs for the Australian operations in Q2 2016.

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 $1.30 for Q2 2016, a decrease of 35% from $1.99/dmtu for Q2 2015 which included C1 unit cost in relation to the Australian operations that are not included in Q2 2016.

Gross Profit

Gross profit for the Group was $21 million in Q2 2016, an increase of 44% from $15 million in Q2 2015. The gross profit margin has increased from 24% in Q2 2015 to 44% in Q2 2016. The increase in both gross profit and gross profit margin has been driven by reduced operating costs in Australia following the transition into care and maintenance.

Adjusted EBITDA and Cash EBITDA

Adjusted EBITDA and Cash EBITDA are calculated as follows:

$m	Quarter ended 30 June 2016	Quarter ended 30 June 2015	Six months ended 30 June 2016	Six months ended 30 June 2015
Operating profit	**(2.9)**	**31.7**	**(27.0)**	**36.9**
Depreciation and amortisation	3.6	23.2	6.5	40.3
Impairment reversal / (expense) of available-for-sale financial assets	(1.5)	-	0.9	-
Exploration write-off expense	-	8.9	-	8.9
Restructuring costs	3.0	0.6	13.5	0.6
Settlement income	-	(50.0)	-	(50.0)
Net foreign exchange loss / (gain)	0.5	0.5	(0.1)	2.3
Adjusted EBITDA	**2.7**	**14.9**	**(6.2)**	**39.0**
Deferred stripping	0.3	(10.5)	(0.1)	(18.4)
Net movement in inventories	12.6	(3.6)	10.7	(3.7)
'Cash' EBITDA	**15.6**	**0.8**	**4.4**	**16.9**

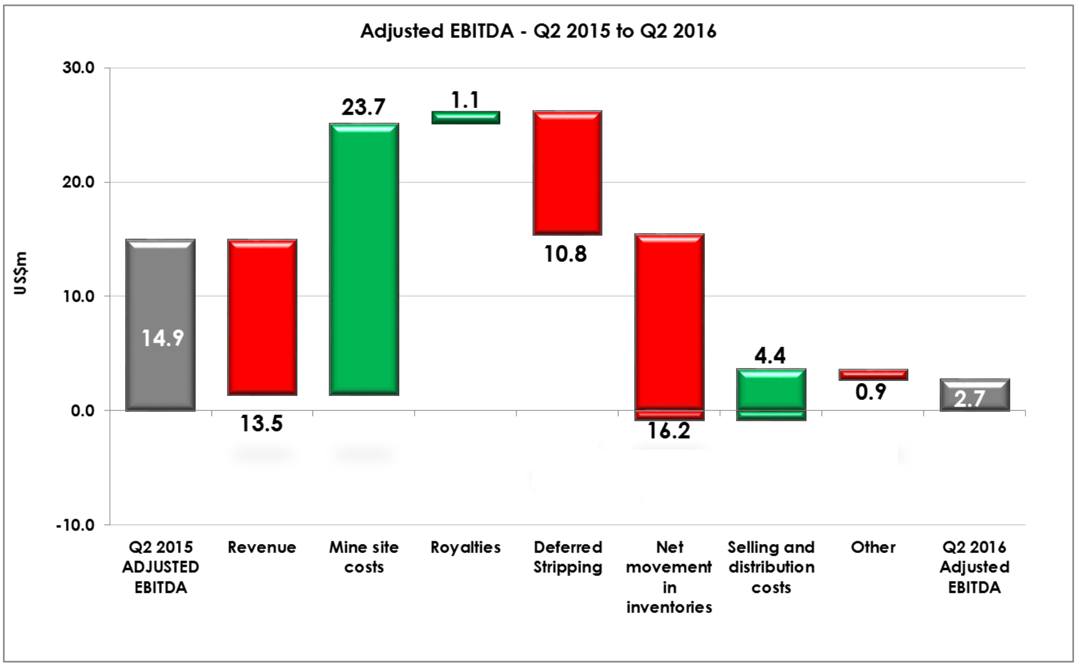
Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment expense, net foreign exchange gain or loss and exceptional items. Cash EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories.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

As the graph below shows Adjusted EBITDA was $3 million in Q2 2016, a decrease of $12 million from $15 million in Q2 2015, primarily as a result of the following key movements:

- A decrease in revenues of $14 million due to lower pricing, average grades and volumes sold;
- A $16 million increased cost in relation to net movement in inventories;
- An $11 million reduction in the deferred stripping credit to the income statement.

offset by:

- A reduction in mining and production expenses of $24 million (excluding restructuring costs) due to savings relating to the Australian operations being placed into care and maintenance;
- A $4 million reduction in selling and distribution costs reflecting lower volumes hauled and shipped;
- A reduction in royalties of $1 million due to lower revenues.



Cash EBITDA has increased by $15 million from $1 million in Q2 2015 to $16 million in Q2 2016 due to the reasons outlined above for adjusted EBITDA after adding back the net movement in inventories of $16 million and the increase in deferred stripping capitalised to the balance sheet of $11 million.

Other Key Items

Selling and distribution expenses decreased by $4 million from $15 million in Q2 2015 to $11 million in Q2 2016. This is primarily a result of the 20% reduction in volumes shipped from Australia in the quarter compared to Q2 2015.

General and administrative expenses for Q2 2016 increased by $5 million from $9 million in Q2 2015 to $14 million in Q2 2016 as a result of a $4 million stock obsolescence provision against consumable inventories and $1 million of other restructuring costs incurred as a result of the transition of the Australian operations into care and maintenance.

'Other operating income – net' is $0.1 million in Q2 2016 compared to $51 million in Q2 2015, which included a $50 million income from TMI settlement comprising a payment to access Ghanaian manganese ore in the future. This was considered to be non-recurring and therefore was treated as exceptional in the calculation of Adjusted EBITDA.

(Loss) / profit for the Period

The Group has recognised a loss for Q2 2016 of $11 million compared to a profit of $22 million in Q2 2015.

Unaudited Condensed Consolidated Statement of Financial Position

	As at	
$m	**30 June 2016**	**31 December 2015**
Cash and cash equivalents	55.3	79.1
Other current assets	49.8	67.7
Non-current assets	207.8	211.4
Total assets	312.9	358.2
Current borrowings	(5.1)	(10.1)
Non-current borrowings	(379.5)	(380.2)
Other current liabilities	(40.3)	(34.4)
Other non-current liabilities	(90.0)	(90.6)
Total liabilities	(514.9)	(515.3)
Net Assets	**(202.0)**	**(157.1)**

Cash and Cash Equivalents

Cash and cash equivalents at 30 June 2016 were $55 million, a decrease of $24 million from $79 million at 31 December 2015. This is due to negative cash flows from operations in H1 2016 as a result of lower pricing and reduced sales volumes following the placing of the Australian operations into care and maintenance on 2nd February 2016 as well as related restructuring costs.

Borrowings

Current borrowings have decreased to $5 million at 30 June 2016 from $10 million at 31 December 2015 as a result of the repayment of the Ghanaian overdraft facility in H1 2016.

Guarantor Group

During the six months ended 30 June 2016 the Guarantors of the senior secured notes represented 100% (30 June 2015: 100%) of our consolidated revenues and 187% (30 June 2015: 69.3%) of our consolidated negative EBITDA. As of 30 June 2016 the Guarantors represented 32.7% of our consolidated total assets (30 June 2015: 63.4%). As of 30 June 2016 the non-guarantor subsidiaries have $nil indebtedness outstanding (30 June 2015: $3.9 million). 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

$m	**Quarter ended 30 June 2016**	**Quarter ended 30 June 2015**	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Cash inflow / (outflow) from operating activities	22.7	54.7	(10.5)	84.4
Cash outflow from investing activities	(4.4)	(3.1)	(5.7)	(7.7)
Cash outflow from financing activities	(1.5)	(17.9)	(3.3)	(19.8)
Net increase / (decrease) in cash and cash equivalents	**16.8**	**33.7**	**(19.5)**	**56.9**
Cash and cash equivalents at the beginning of the period	**39.1**	**80.2**	**75.9**	**59.5**
Exchange losses on cash and cash equivalents	(0.6)	(0.2)	(1.1)	(2.7)
Cash and cash equivalents at the end of the period	**55.3**	**113.7**	**55.3**	**113.7**

Cash Flows and Liquidity

Net cash generated from operating activities amounted to $23 million in Q2 2016 compared to cash generated of $55 million in Q2 2015, a decrease of $32 million. The Q2 2015 cash generated was significantly higher due to $51 million received from TMI for access to Ghanaian ore in the future.

The net cash outflow from investing activities was $4 million in Q2 2016 compared to a cash outflow of $3 million in Q2 2015, an increase of $1 million.

The net cash outflow from financing activities was $2 million in Q2 2016 compared to a net cash outflow of $18 million in Q2 2015. The Q2 2016 outflow only related to the repayment of hire purchase borrowings. No interest was paid in May 2016 on the 2020 notes due to the ongoing restructuring discussions with noteholders.

As a result total cash and cash equivalents net of overdrafts decreased to $55 million at 30 June 2016 from $76 million at 31 December 2015.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information

For the Three Months and Six Months Ended 30 June 2016

Unaudited consolidated statement of comprehensive income for three and six months ended 30 June 2016

		Three months ended 30 June		Six months ended 30 June	
$m	**Note**	**2016**	**2015**	**2016**	**2015**
Revenue	6	47.5	61.0	68.9	142.8
Cost of sales	7	(26.4)	(46.3)	(55.8)	(93.6)
Gross profit		**21.1**	**14.7**	**13.1**	**49.2**
Selling and distribution costs		(10.7)	(15.1)	(16.3)	(33.6)
General and administrative costs		(14.4)	(9.2)	(23.5)	(18.4)
Other operating income – net		0.1	50.7	0.5	50.9
Impairment reversal / (expense) of available-for-sale financial assets		1.5	-	(0.9)	-
Exploration write-off expense		-	(8.9)	-	(8.9)
Net foreign exchange (loss) / gain		(0.5)	(0.5)	0.1	(2.3)
Operating (loss) / profit		**(2.9)**	**31.7**	**(27.0)**	**36.9**
Presented as:					
Adjusted EBITDA		**2.7**	**14.9**	**(6.2)**	**39.0**
Depreciation and amortisation		(3.6)	(23.2)	(6.5)	(40.3)
Impairment reversal / (expense) of available-for-sale financial assets		1.5	-	(0.9)	-
Exploration write-off expense		-	(8.9)	-	(8.9)
Restructuring costs		(3.0)	(0.6)	(13.5)	(0.6)
Settlement income		-	50.0	-	50.0
Net foreign exchange (loss) / gain		(0.5)	(0.5)	0.1	(2.3)
Operating (loss) / profit		**(2.9)**	**31.7**	**(27.0)**	**36.9**
Finance income		-	0.1	0.1	0.2
Financing costs		(8.8)	(9.3)	(17.7)	(18.4)
Net financing costs		(8.8)	(9.2)	(17.6)	(18.2)
(Loss) / profit before tax		**(11.7)**	**22.5**	**(44.6)**	**18.7**
Income tax credit / (charge)		0.4	(0.5)	0.1	(0.2)
(Loss) / profit for the period		**(11.3)**	**22.0**	**(44.5)**	**18.5**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Revaluation of available-for-sale financial assets		-	(1.5)	0.2	(2.8)
Net foreign currency translation differences		(0.3)	(0.6)	(0.5)	(15.2)
Income tax charge on other comprehensive income		-	-	(0.1)	-
Other comprehensive (expense) for the period, net of tax		**(0.3)**	**(2.1)**	**(0.4)**	**(18.0)**
Total comprehensive (expense) / income for the period		**(11.6)**	**19.9**	**(44.9)**	**0.5**
(Loss) / profit attributable to:					
Owners of the parent company		(11.3)	22.0	(44.5)	18.5
Non-controlling interest		-	-	-	-
(Loss) / profit for the period		**(11.3)**	**22.0**	**(44.5)**	**18.5**
Total comprehensive income attributable to:					
Owners of the parent company		(11.6)	19.9	(44.9)	0.5
Non-controlling interest		-	-	-	-
Total comprehensive (expense) / income for the period		**(11.6)**	**19.9**	**(44.9)**	**0.5**

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of financial position as at 30 June 2016

$m	Note	As at 30 June 2016	 31 December 2015
Non-current assets			
Property, plant and equipment		165.5	168.8
Intangible assets		9.3	9.0
Goodwill		28.9	28.9
Available-for-sale financial assets		4.0	4.6
Trade and other receivables		0.1	0.1
		207.8	**211.4**
Current assets			
Inventories		32.0	47.7
Trade and other receivables		15.7	18.0
Income tax receivable		2.1	2.0
Cash and cash equivalents	8	55.3	79.1
		105.1	**146.8**
Current liabilities			
Borrowings	9	(5.1)	(10.1)
Trade and other payables		(39.3)	(29.6)
Provisions		(1.0)	(4.8)
		(45.4)	**(44.5)**
Net current assets		**59.7**	**102.3**
Non-current liabilities			
Borrowings	9	(379.5)	(380.2)
Trade and other payables		(1.1)	(1.0)
Provisions		(53.2)	(53.9)
Deferred tax liabilities		(35.7)	(35.7)
		(469.5)	**(470.8)**
Net assets		**(202.0)**	**(157.1)**
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	737.5
Reserves		(13.7)	(13.3)
Accumulated losses		(1,143.3)	(1,098.8)
Total equity attributable to equity holders of the parent company		**(214.8)**	**(169.9)**
Non-controlling interests		12.8	12.8
Total equity		**(202.0)**	**(157.1)**

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2016

	Attributable to equity owners of the parent Company							
$m	**Share capital**	**Share premium**	**Shareholder equity**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2016	10.0	194.7	737.5	(13.3)	(1,098.8)	(169.9)	12.8	(157.1)
Loss for the period	-	-	-	-	(44.5)	(44.5)	-	(44.5)
Revaluation of available-for-sale financial assets	-	-	-	0.2	-	0.2	-	0.2
Foreign currency translation differences	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Income tax on other comprehensive income	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Balance at 30 June 2016	10.0	194.7	737.5	(13.7)	(1,143.3)	(214.8)	12.8	(202.0)

	Attributable to equity owners of the parent Company							
$m	**Share capital**	**Share premium**	**Shareholder equity**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2015	10.0	194.7	737.5	(49.9)	(780.5)	111.8	13.0	124.8
Profit for the period	-	-	-	-	18.5	18.5	-	18.5
Revaluation of available-for-sale financial assets	-	-	-	(2.8)	-	(2.8)	-	(2.8)
Foreign currency translation differences	-	-	-	(15.2)	-	(15.2)	-	(15.2)
Balance at 30 June 2015	10.0	194.7	737.5	(67.9)	(762.0)	112.3	13.0	125.3

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of cash flows for three and six months ended 30 June 2016

		Three months ended 30 June		Six months ended 30 June	
$m	**Note**	**2016**	**2015**	**2016**	**2015**
Cash flow from operating activities					
(Loss) / profit before tax		(11.7)	22.5	(44.6)	18.7
Adjustments to add / (deduct) non-cash items:					
Depreciation and amortisation		3.6	23.2	6.5	40.3
Deferred stripping		0.3	(10.5)	(0.1)	(18.4)
Impairment of available-for-sale financial assets		(1.5)	-	0.9	-
Exploration write-off expense		-	8.9	-	8.9
Loss on sale of property, plant and equipment		-	0.2	-	0.6
Net foreign exchange loss / (gain)		0.5	0.5	(0.1)	2.3
Net financing costs		8.8	9.2	17.6	18.2
Working capital adjustments:					
Decrease / (increase) in inventories		13.2	(2.6)	15.8	(0.3)
Decrease in receivables		5.7	12.0	2.4	24.7
Increase / (decrease) in payables		3.8	(8.7)	(8.9)	(10.4)
Net movement in working capital		22.7	0.7	9.3	14.0
Income taxes paid		-	-	-	(0.2)
Net cash generated / (outflow) from operating activities		**22.7**	**54.7**	**(10.5)**	**84.4**
Cash flow from investing activities					
Payments for mineral exploration and evaluation expenditure		(1.0)	(2.4)	(1.3)	(4.1)
Purchase of property, plant and equipment		(3.6)	(0.8)	(4.7)	(4.0)
Proceeds from sale of property, plant and equipment		0.2	-	0.2	0.2
Interest received		-	0.1	0.1	0.2
Net cash outflow from investing activities		**(4.4)**	**(3.1)**	**(5.7)**	**(7.7)**
Cash flow from financing activities					
Interest paid		(0.1)	(16.3)	(0.3)	(16.7)
Repayment of hire purchase borrowings		(1.4)	(1.6)	(3.0)	(3.1)
Net cash outflow from financing activities		**(1.5)**	**(17.9)**	**(3.3)**	**(19.8)**
Net increase / (decrease) in cash and cash equivalents		**16.8**	**33.7**	**(19.5)**	**56.9**
Cash and cash equivalents at the beginning of the period	8	39.1	80.2	75.9	59.5
Exchange losses on cash and cash equivalents		(0.6)	(0.2)	(1.1)	(2.7)
Cash and cash equivalents at the end of the period	8	**55.3**	**113.7**	**55.3**	**113.7**

The notes on pages 19 to 24 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 (formerly Palmary Enterprises Limited) ('the Company') was incorporated in Belize, in 2004 and redomiciled to Jersey in 2008. The address of its registered office is Commercial House, 3 Commercial Street, St Helier, Jersey JE2 3RU.

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: Pilbara Manganese Pty Limited (Australia), Ghana Manganese Company Limited, Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

2. Basis of preparation of interim report

This condensed consolidated interim financial information for the three and six months ended 30 June 2016 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 2015, 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 2015 but comparative information is derived from those accounts. Statutory accounts for 2015 have been filed with the Jersey registrar of companies and the auditors have issued an unqualified audit opinion on these accounts.

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2016 relevant to the Group

There are no new or amended accounting standards mandatory for the first time for the financial year beginning 1 January 2016, or new standards and revisions to existing standards that are not yet effective and have not been early adopted that are relevant to the Group other than those disclosed in the Company's statutory accounts for the year ended 31 December 2015.

(b) Comparatives

Comparatives have been prepared on the same basis as current period figures.

(c) Changes in accounting policies

There have been no material changes in accounting policies since the presentation of the annual report for the year ended 31 December 2015 and all accounting policies have been consistently applied in the preparation of these interim financial statements.

(d) Foreign currency translation

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

Average rates:	**Average 3 months to 30 June 2016**	**Average 6 months to 30 June 2016**	**Average 3 months to 30 June 2015**	**Average 6 months to 30 June 2015**
Australian dollar	0.7455	0.7338	0.7772	0.7822

Period end rates:	**30 June 2016**	**31 December 2015**	**30 June 2015**
Australian dollar	0.7441	0.7298	0.7655

3. Critical accounting judgments and key sources of estimation uncertainty

There have been no material changes in critical accounting judgements since the presentation of the annual report for the year ended 31 December 2015.

4. Principal risks and uncertainties

There have been no changes to the principal risks and uncertainties that could affect Consolidated Minerals since the presentation of the annual report for the year ended 31 December 2015.

5. Segment analysis

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

The segment information provided for the three and six month periods ended 30 June 2016 and 2015 is as follows:

Three months ended 30 June 2016	**Manganese**	**Other**	**Total**
$m			
Revenue from external customers	47.5	-	47.5
Cost of goods sold	(26.4)	-	(26.4)
Gross profit	21.1	-	21.1
Adjusted EBITDA	7.2	(4.5)	2.7
Depreciation and amortisation	(3.1)	(0.5)	(3.6)
Impairment reversal of available-for-sale financial assets	-	1.5	1.5
Restructuring costs	(2.4)	(0.6)	(3.0)
Net foreign exchange (loss) / gain	(1.8)	1.3	(0.5)
Finance expense	(0.5)	(8.3)	(8.8)
Loss before tax	(0.6)	(11.1)	(11.7)
Income tax credit*			0.4
Loss for the period			(11.3)

Three months ended 30 June 2015	**Manganese**	**Other**	**Total**
$m			
Revenue from external customers	61.0	-	61.0
Cost of goods sold	(46.3)	-	(46.3)
Gross profit	14.7	-	14.7
Adjusted EBITDA	11.4	3.5	14.9
Depreciation and amortisation	(23.0)	(0.2)	(23.2)
Exploration write-off expense	(8.9)	-	(8.9)
Restructuring costs	(0.4)	(0.2)	(0.6)
Settlement income	50.0	-	50.0
Net foreign exchange loss	(0.1)	(0.4)	(0.5)
Finance income	-	0.1	0.1
Finance expense	(0.6)	(8.7)	(9.3)
Profit / (loss) before tax	28.4	(5.9)	22.5
Income tax charge*			(0.5)
Profit for the period			22.0

Six months ended 30 June 2016	Manganese	Other	Total
$m			
Revenue from external customers	68.9	-	68.9
Cost of goods sold	(55.8)	-	(55.8)
Gross profit	13.1	-	13.1
Adjusted EBITDA	2.0	(8.2)	(6.2)
Depreciation and amortisation	(6.0)	(0.5)	(6.5)
Impairment of available-for-sale financial assets	-	(0.9)	(0.9)
Restructuring costs	(12.7)	(0.8)	(13.5)
Net foreign exchange gain / (loss)	1.6	(1.5)	0.1
Finance income	-	0.1	0.1
Finance expense	(1.0)	(16.7)	(17.7)
Loss before tax	(16.1)	(28.5)	(44.6)
Income tax credit*			0.1
Loss for the period			(44.5)
Total assets	287.7	25.2	312.9
Total liabilities	(87.7)	(427.2)	(514.9)

Six months ended 30 June 2015	Manganese	Other	Total
$m			
Revenue from external customers	142.8	-	142.8
Cost of goods sold	(93.6)	-	(93.6)
Gross profit / (loss)	49.2	-	49.2
Adjusted EBITDA	38.1	0.9	39.0
Depreciation and amortisation	(40.0)	(0.3)	(40.3)
Exploration write-off expense	(8.9)	-	(8.9)
Restructuring costs	(0.4)	(0.2)	(0.6)
Settlement income	50.0	-	50.0
Net foreign exchange loss	(1.3)	(1.0)	(2.3)
Finance income	-	0.2	0.2
Finance expense	(1.3)	(17.1)	(18.4)
Profit / (loss) before tax	36.2	(17.5)	18.7
Income tax charge*			(0.2)
Profit / for the period			18.5

31 December 2015	Manganese	Other	Total
Total assets	307.9	50.3	358.2
Total liabilities	(133.7)	(381.6)	(515.3)

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

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

	Three months ended 30 June		Six months ended 30 June	
$m	**2016**	**2015**	**2016**	**2015**
Adjusted EBITDA	2.7	14.9	(6.2)	39.0
Depreciation and amortisation	(3.6)	(23.2)	(6.5)	(40.3)
Impairment reversal / (expense) of available-for-sale financial assets	1.5	-	(0.9)	-
Exploration write-off expense	-	(8.9)	-	(8.9)
Restructuring costs	(3.0)	(0.6)	(13.5)	(0.6)
Settlement income	-	50.0	-	50.0
Net foreign exchange (loss) / gain	(0.5)	(0.5)	0.1	(2.3)
Net financing costs	(8.8)	(9.2)	(17.6)	(18.2)
(Loss) / profit before tax	**(11.7)**	**22.5**	**(44.6)**	**18.7**

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

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

6. Revenue

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

	Three months ended 30 June		Six months ended 30 June	
$m	**2016**	**2015**	**2016**	**2015**
China	38.1	29.7	52.5	79.6
Ukraine*	9.0	18.4	14.2	26.3
Australia	0.4	-	2.2	-
India	-	7.2	-	11.2
Vietnam	-	3.2	-	8.3
South Korea	-	2.5	-	12.9
Norway	-	-	-	2.6
Indonesia	-	-	-	1.8
Other	-	-	-	0.1
Total revenue by geographic destination	47.5	61.0	68.9	142.8

*Sales to related parties

7. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
$m	**2016**	**2015**	**2016**	**2015**
Mining and production expenses	7.1	33.0	34.2	64.5
Depreciation and amortisation	3.2	23.0	6.1	40.0
Royalties and other taxes	3.2	4.3	4.9	10.9
Deferred stripping	0.3	(10.5)	(0.1)	(18.4)
Net movement in inventories	12.6	(3.6)	10.7	(3.7)
Other	-	0.1	-	0.3
Total cost of sales	26.4	46.3	55.8	93.6

8. Cash and cash equivalents

$m	**As at 30 June 2016**	**As at 31 December 2015**
Cash at bank and in hand	55.2	79.0
Short-term bank deposits	0.1	0.1
Cash and cash equivalents at the end of the year	55.3	79.1
Less: bank overdrafts (see note 9)	-	(3.2)
Net cash and cash equivalents per the cash flow statement	55.3	75.9

9. Borrowings

$m	As at 30 June 2016	As at 31 December 2015
Non-current		
Senior secured high yield notes	374.4	373.1
Finance lease liabilities – hire purchase loans	5.1	7.1
	379.5	380.2
Current		
Bank overdrafts	-	3.2
Finance lease liabilities – hire purchase loans	5.1	6.9
	5.1	10.1
Total borrowings	384.6	390.3

The senior secured notes are stated net of unamortised discount of $6.3 million and unamortised issue costs of $4.9 million. Unamortised discount and issue costs are charged to the statement of comprehensive income over the six year term of the notes.

Finance lease liabilities are secured by charges over each respective leased asset.

The carrying value of borrowings approximates their fair value.

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

$m	As at 30 June 2016	As at 31 December 2015
Repayable on demand	-	3.2
6 months or less	-	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
	-	3.2
Borrowings not exposed to changes in interest rates	384.6	387.1
	384.6	390.3

10. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2015 financial information other than those mentioned below:

- Group entities have pledged $1.4m (31 December 2015: $1.4 million) relating to bank guarantees provided to lessors of business premises.

11. Related party transactions

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

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

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

$m	Sales to related parties	Purchases from related parties	Finance income from related parties	Charges from related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
3 months to 30 June 2016	9.0	-	-	-		
3 months to 30 June 2015	18.4	-	-	-		
6 months to 30 June 2016	14.2	-	-	-		
6 months to 30 June 2015	26.3	-	-	-		
At 30 June 2016					7.1	0.1
At 31 December 2015					-	-
Other companies related to the ultimate shareholder						
3 months to 30 June 2016	-	0.7	-	-		
3 months to 30 June 2015	-	0.8	-	-		
6 months to 30 June 2016	-	1.5	-	-		
6 months to 30 June 2015	-	1.6	-	-		
At 30 June 2016					0.2	-
At 31 December 2015					0.2	-

Trading companies related to the ultimate shareholder

During 2016 and 2015 Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey) traded with other trading companies related to the ultimate shareholder.

Ore sold to related parties is shipped to Ukraine. The sales prices for transactions with related parties have been determined by reference to the sales prices of ore sold to China and/or Metal Bulletin indices, adjusted for the freight differential for shipping to the country of the related party, the end use application for the ores and their manganese content.

Finance companies related to the ultimate shareholder

As at 30 June 2016, a related party loan balance of $737.5 million (31 December 2015: $737.5 million) was recognised in equity.

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 June 2016, less than $0.1 million was held in current accounts with the bank (31 December 2015: less than $0.1 million).

Other companies related to the ultimate shareholder

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

12. Events after the reporting period

Following the Company announcement on 14 June 2016 that it had entered into a Standstill and Lock-up Agreement with support from Noteholders representing 83% of the outstanding Notes, on 8 July 2016 the Company further announced an invitation to noteholders to consent to certain amendments to the terms and conditions of the Notes.

On 15 August 2016 the Company announced the successful completion of the solicitation of consents to amend the indenture supported by the holders of 96.43% of its 8.000% Senior Secured Notes due May 15, 2020.

Glossary of Defined Terms

"ASX"	The Australian Securities Exchange, operated by ASX Limited (ABN 98 008 624 691).
"BCM"	Bank cubic meter, being one cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"beneficiation"	The act or process of increasing the concentration of valuable material (e.g., manganese) contained in ore as it naturally occurs in the environment on a per unit basis, and, at the same time, reducing the concentration of some of the non-valuable substances (e.g., iron and silica).
"blending"	A process in which manganese ores of varying grades are mixed together to produce ores or products with an average grade according to the product specification.
"CFR"	International commercial term meaning "Cost and Freight," whereby the quoted price includes all costs and freight to bring the goods to the port of destination from the port of departure, but does not require the seller to procure marine insurance against the risk of loss or damage to the goods during transit.
"CIF"	International commercial term meaning "Cost, Insurance and Freight," whereby the quoted price includes all costs, insurance and freight to bring the goods to the port of destination from the port of departure.
"concession"	A mining concession as defined in the Minerals and Mining Act 2006 (Ghana).
"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.
"Guarantor"	Each of Consolidated Minerals Trading Ltd, Consolidated Minerals Africa Limited, Consolidation Minerals (Australia) Pty Limited, Consolidated Minerals (Belgium) Limited SPRL, Consolidated Minerals Holdings (Australia) Pty Limited, Consolidated Minerals (Hong Kong) Limited, Consolidated Minerals Pty Limited, Manganese Trading Limited, Pilbara Manganese Pty Limited, Pilbara Trading Limited, Pilbara Trucking Pty Limited and Stratford Sun Limited.
"high grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "high grade." Our Australian operations consider ore with an average manganese content above 44% to be "high grade." Unless otherwise specified, references to "high grade" are to the definition used by our Australian operations.

“IFRS”..	International Financial Reporting Standards of the International Accounting Standards Board.
“JORC”..	The Australasian Joint Ore Reserves Committee.
“JORC Code”...	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition).
“kBCM”..	1,000 bank cubic meters, being 1,000 cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
“kt”...	Kilo tonne. A unit of weight or capacity equal to 1,000 tonnes.
“low grade”	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of “low grade.” Our Australian operations consider ore with an average manganese content of less than 44% to be “low grade.” Unless otherwise specified, references to “low grade” are to the definition used by our Australian operations.
“LTI”...	A work-related injury or illness resulting in the employee or contractor being unable to attend work for a full working day after an injury or illness has occurred.
“lump” or “lump ore”...............................	Manganese ore with the majority of individual particles measuring more than a specified size. While there is no industry standard measurement, the Group specifies ore with particles measuring 6.3 millimeters or more as lump.
“mdmtu”..	One million dry metric tonne units.
“Mn”...	Chemical symbol for Manganese, based on the periodic table.
“open pit mining”..	A method of extracting rock or minerals from the earth by stripping away the top soil and the earth above the rock or minerals creating a pit from which the rock or minerals are removed. This method of mining can be contrasted with mining using extractive methods that require tunneling into the earth (i.e., underground mining).
“ore”...	A mineral or an aggregate of minerals (containing valuable constituents, including metals) of sufficient value to be mined or extracted.
“overburden”..	The material that lies above the mining area of economic interest, i.e., the rock and soil that lies above a manganese or chromite ore body.
“reductant”...	Solid fuel added to a furnace to remove oxygen from the manganese ore fed into the furnace.
“seaborne market”	The part of the manganese ore market that is composed of exported manganese ore.
“Shareholder”	Means Ultimate Beneficial Owner of the Company
“sinter”...	The product of sintering.
“sintering”	The process of combining or fusing metals, usually with pressure and temperature, by exposing them to a temperature just below their melting point.
“spot price”	The price at which a physical commodity for immediate sale is selling at a given time and place.
“stripping ratio”..	The ratio of the volume of overburden waste material to the volume of ore in an open pit mine. For instance, a stripping ratio of “5” means that five BCM of waste rock must be removed for every one BCM of ore mined.
“sump”...	An excavation made in a pit (generally at the lowest point) to collect water, which can then be pumped to the surface or to another sump nearer the surface.
“tailings”...	Finely ground waste rock from which the majority of valuable minerals or metals have been extracted.
“tenement”...	A mining tenement as defined in the Mining Act 1978 (Western Australia).
“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 1,250 square kilometers of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, excluding the Woodie Woodie corridor.