Consolidated Minerals Limited
Annual Report 2015

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

Annual Report 2015

4th April 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 annual results for the year ended 31 December 2015.

Market and Business Update

- The Company announced on the 22nd January 2016 that as a direct result of the current record low price for manganese ore it will suspend operations at Woodie Woodie and commence a transition into care and maintenance. The Company's lower cost Nsuta operation in Ghana continues to produce manganese ore for sale on the seaborne market.
- Although the Company ended 2015 with net cash and cash equivalents of $76 million, the continued weakness and uncertain outlook on pricing for manganese ore, as well as the costs associated with placing the Woodie Woodie mine into care and maintenance have put further pressure on liquidity, with the Company's net cash and cash equivalents having reduced to US$41 million at 29 February 2016.
- As a result of the current trading environment and 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.

Key Highlights 2015

- Total tonnes of manganese ore production for 2015 decreased 14% compared to 2014. Australian manganese ore production decreased 24% and Ghanaian manganese ore production decreased 1% compared to 2014.
- Manganese C1 cash costs[1] for 2015 were $2.09/dmtu compared to $2.46/dmtu in 2014, a decrease of 15% continuing the positive trend seen over recent years.
- Total manganese sales tonnes for 2015 decreased 4% compared to 2014. Australian manganese tonnes sold decreased 27% but Ghanaian manganese tonnes sold increased 28%.
- Average manganese FOB sales price achieved decreased 33% from $3.98 in 2014 to $2.68 in 2015.
- The annual average price for manganese lump (CRU, 44%Mn CIF China) in 2015 was $3.11/dmtu, a decrease of 32% from $4.56/dmtu in 2014. In 2015, pricing for the company's WW46L ore from Australia started the year at $4.65 and ended the year at $2.40/dmtu, a decrease of 48%.
- Based on the December 2015 resource and reserves statement total Ghanaian reserves have decreased 8% but resources have increased 4% compared to the December 2014 statement. The equivalent comparison for the Australian business at December 2015 shows a 15% decrease in reserves and a 4% decrease in resources compared to the December 2014 statement.
- Adjusted EBITDA[2] for 2015 was $40 million, down from $127 million in 2014, principally due to lower pricing partially offset by reduced mining costs. As a consequence Cash EBITDA[2] for 2015 was $21 million, down from $80 million in 2014. The Company recorded a loss for the year of $319 million compared to a net loss from continuing operations of $7 million in 2014.
- For the year ended 31 December 2015 the Company recorded a $256 million impairment charge for the year of which $155 million related to the impairment of Australian Manganese non-current assets, $36 million related to the impairment of Australian Iron Ore non-current assets and $65 million related to the Group's investment in OM Holdings Limited, $55 million of which has been reclassified from reserves having being recognised in prior periods as revaluation losses in other comprehensive income. The impairments arose as a result of the significant decline in commodity pricing during the year.
- In 2015 the Company recognised $50 million in other operating income relating to funds received from Tianyuan Manganese Industry Co Ltd (TMI) for access to future purchases of Ghanaian manganese ore. These funds were received following a negotiated agreement between Consmin and TMI in May 2015 which concluded the differences

that had arisen in their relationship including the termination of all existing legal proceedings and the re-establishment of their mutual trading relationship.

- During the year the Company recognised an expense of $17 million relating to the net write-down of capitalised exploration costs and accumulated amortisation associated with the relinquishment of tenements held by our Australia operations to the Department of Mines and Petroleum.
- During the year the Company had an operating cash inflow from continuing activities of $89 million (inclusive of $50 million TMI settlement income) compared to an inflow of $32 million in 2014.
- Cash and cash equivalents net of overdraft increased by $16 million from $60 million at 31 December 2014 to $76 million at 31 December 2015 with net debt decreasing by $35 million to $311 million over the same period.
- Total capital expenditure for the group in 2015 was $20 million, 54% lower than in 2014, as a result of reduced exploration activity in order to maintain liquidity in light of difficult market conditions for manganese ore.

Key Performance Indicators

Unaudited	**Year Ended 31 December 2015**	**31 December 2014**	**% change**
Manganese ore produced (dry kt)	2,763.0	3,194.5	(13.5%)
Manganese ore sales (dry kt)	2,684.4	2,786.1	(3.7%)
Average C1 manganese unit cash cost ($/dmtu)[1]	2.09	2.46	(15.0%)
Average manganese FOB Sales price ($/dmtu)	2.68	3.98	(32.7%)
Revenue ($ million)	256.7	420.8	(39.0%)
Adjusted EBITDA ($ million)[2]	39.8	127.1	(68.7%)
'Cash' EBITDA ($ million)[2]	21.3	80.3	(73.5%)
Loss for the year from continuing operations	(318.5)	(7.3)	(4263.0%)
	At 31 December 2015	**At 31 December 2014**	**% change**
Cash and cash equivalents ($ million)	79.1	82.1	(3.7%)
Gross debt ($ million)	(390.3)	(428.6)	(8.9%)
Gross debt excluding high yield bonds ($ million)	(17.2)	(44.0)	(60.9%)
Net debt ($ million)	(311.2)	(346.5)	(10.2%)

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

[2] "Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss 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 year Consmin's operational performance was adversely impacted by 14% lower Group production of manganese ore compared to 2014. Australian ore production declined 24% as a result of the combination of the transition to Topvar and Cracker pits that required pre-stripping and the uncharacteristically fine nature of the ore encountered in Homestead and Paystar pits which negatively impacted processing yields and production.

The manganese C1 cash cost for the year was $2.09/dmtu, an improvement of 15% from $2.46/dmtu for 2014, with the reduction largely driven by the beneficial effect of the relative weakening of the Australian dollar as well as improvement in mine site, haulage and shiploading costs.

Total manganese sales tonnes for 2015 decreased 4% compared to 2014, with Australian manganese tonnes sold decreasing by 27% due to the lower production in the year, offset by a 28% increase in Ghanaian manganese tonnes sold which benefitted from the resumption of the trading relationship with TMI. Despite only a small decrease in sales volumes, revenue in 2015 fell by 39% as a result of the average FOB manganese price decreasing 33% and the lower average grade sold as a result of a larger proportion of sales from Ghana.

As a result of the continuing difficult pricing environment and weaker Australian production, financial performance for 2015 worsened substantially compared to 2014. Adjusted EBITDA for 2015 was $40 million, down from $127 million in 2014 with cash EBITDA declining from $80 million to $21 million over the same period.

In accordance with International Financial Reporting Standards goodwill and non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. For the year ended 31 December 2015 we recorded a $256 million impairment charge of which $155 million related to the impairment of Australian Manganese non-current assets, $36 million related to the impairment of Australian Iron Ore non-current assets and $65 million related to the Group's investment in OM Holdings Limited, $55 million of which has been reclassified from reserves having being recognised in prior periods as revaluation losses in other comprehensive income. The impairments arose as a result of the significant decline in commodity pricing during the year.

Net cash generated from operations in 2015 at $89 million increased by $57 million compared to $32 million in 2014. This increase in operating cash flow was largely driven by the $50 million settlement received from TMI for access to Ghanaian manganese ore and working capital improvements offsetting the adverse financial performance as a result of the weaker pricing environment for manganese. During the year $11 million was spent on the repurchase on a portion of the 2020 senior secured notes. The net cash outflow from investing activities reduced from $43 million in 2014 to $19 million in 2015 as a result of reduced payments for capital expenditure in order to help maintain liquidity. As a result total cash and cash equivalents net of overdrafts increased in the year by $16 million to $76 million at 31 December 2015.

With recent manganese ore prices at record lows most major seaborne ore suppliers announced supply curtailments or cessation of new shipments primarily during the period from December 2015 to February 2016. As a result of the current depressed prices and the limited opportunity for a significant and sustainable recovery the company took the difficult decision to place its Australian Woodie Woodie mine on care and maintenance as selling ore is no longer economically viable and continuing production would likely destroy the future value of our ore reserves. We believe that suppliers' reaction is a step in the right direction to balancing global supply and demand; spot prices in March rose by more than 50% month on month as supply cuts led to exuberant buying in China partially driven by the sharply reduced stockpiles in the Chinese The Chinese government continues to tackle a significant steel and manganese alloy over capacity in the country and to drive the transition of the Chinese economy from one led by fixed asset investment to a more balanced one driven by domestic consumption. These initiatives should continue to limit any major demand tailwind for manganese ore.

Although Consmin ended 2015 with a net cash and cash equivalents of $76 million, the continued weakness and uncertain outlook on pricing for manganese ore, as well as costs associated with placing the Woodie Woodie mine into care and maintenance have put further pressure on liquidity, with Consmin's net cash and cash equivalents having reduced to US$41 million at 29 February 2016. Management has analysed its cash flow forecast with a view to assessing whether the financial statements should be prepared on a going concern basis. Analysis of the cash flow forecast has identified the potential need, if pricing remains at expected levels, to renegotiate existing funding arrangements or obtain additional funding in late 2016 in order for the Group to meet its on-going cash requirements. As a result Consmin announced on 8 March 2016 that it anticipated discussions with holders of the 8.000% Senior Secured Notes due May 15, 2020 regarding the notes."

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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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

Manganese is used in metallurgical applications for carbon and stainless steel production as well as non-metallurgical industrial applications for the chemical and fertiliser industries.

The carbon steel industry accounts for 90% of end user demand for manganese, a non-substitutable additive used as both a deoxidizing and desulphurising agent. Steel production consumes various grades of manganese alloys, the intermediary product derived through the smelting of manganese oxide ore like that produced from our Woodie Woodie manganese mine.

Global steel production for 2015 fell by 2.8% year on year to 1.62 billion tonnes. China accounted for 49% of global production, having produced 804 million tonnes, down 2.3% year on year. As a result of the slowdown in both steel consumption and production in China, manganese ore imports to China fell 2.2% year on year to 15.6 million tonnes from the 16.1 million tonnes imported in 2014.

Stainless steel 200 series, the other key metallurgical application for manganese, consumes electrolytic manganese metal ('EMM'), produced through the hydrometallurgical processing of manganese ore, predominantly carbonate manganese ore, like that produced from our Nsuta manganese mine in Ghana.

Chinese stainless steel production is estimated to have totalled 22.2 million tonnes in 2015 up 0.6% year on year, according to the CSSC (Stainless Steel Council of China Special Steel Enterprises Association). Of this 200 series (high manganese bearing stainless steel) accounted for 30.3% of China's stainless steel production with output rising by 2.0% to 6.73 million tonnes.

Consmin continued to focus on the target marketing of its products to producers in the specific market segments, who can obtain the highest value using Consmin's high purity, low deleterious elements ores in their production processes. As a result, the company was able to maintain a consistently higher price for its products than that which might have been achieved on a manganese content basis alone. Throughout the year, the company maintained a diverse customer base, having shipped to customers in China, Ukraine, India, South Korea, Vietnam, Norway, Indonesia and Slovakia.

The company's manganese ore shipments totalled 2.7 million dry tonnes during 2015, a decrease of 4% compared to 2.8 million dry tonnes shipped during 2014. Shipments from Australian were 1.2 million dry tonnes in 2015, a decrease of 27% year on year due to production issues faced during the year as the mine transitioned from Greensnake into new pits. Shipments from Ghana, however, rose by 28% year on year to 1.5 million dry tonnes compared to 1.2 million tonnes in 2014. The settlement with TMI in May 2015 led to new shipments to the world's largest EMM producer recommencing in that month.
The annual average price for manganese lump (CRU, 44%Mn CIF China) in 2015 was $3.11/dmtu, a decrease of 32% from $4.56/dmtu in 2014. The pricing for the company's WW46L ore from Australia started 2015 at US$4.65/dmtu and ended the year at US$2.40/dmtu CIF China falling by 48% in the year. Although the company was able to maintain its pricing premiums to other ores, the market for manganese ore gradually deteriorated in the first nine months of 2015 before collapsing in the last quarter of 2015 due to the economic slowdown in China and global manganese ore oversupply. In addition to a fall of around 50% in 2015 manganese ore prices decreased by circa another 11% in January 2016 and remained flat in February.

With manganese ore prices at record lows most major seaborne ore suppliers announced supply curtailments or cessation of new shipments during the period from December 2015 to February 2016. As a result of the current depressed prices and the limited opportunity for a fast and sustainable recovery the company has taken the difficult decision to place its Australian Woodie Woodie mine on care and maintenance as selling ore is no longer economically viable and continuing production is likely to destroy the future value of our ore reserves. We believe that suppliers' reaction is a step in the right direction to balancing global supply and demand; spot prices in March rose by more than 50% month on month as supply cuts led to exuberant buying in China partially driven by the sharply reduced stockpiles in the Chinese ports.

The Chinese government continues to tackle a significant oversupply of steel and manganese alloy capacity in the country and to drive the transition of the Chinese economy from one led by fixed asset investment to a more balanced one driven by domestic consumption. These initiatives should continue to limit any major demand tailwind for manganese ore; supply will be abundant if producer discipline doesn't hold back volumes. As a result, we don't expect that prices experienced in the early months of 2015 will be achieved on a sustainable basis with the current market fundamentals.

Operational Review

Summary Overview	Year ended 31 December 2015	Year ended 31 December 2014	% change
Total mined (mBCM)	14.6	14.0	4.3%
Manganese ore produced (dry kt)	2,763.0	3,194.5	(13.5%)
Australia	*1,284.8*	*1,697.8*	*(24.3%)*
Ghana	*1,478.2*	*1,496.7*	*(1.2%)*
Manganese ore produced (mdmtu)	100.2	117.2	(14.5%)
Australia	*58.6*	*75.4*	*(22.3%)*
Ghana	*41.6*	*41.8*	*(0.5%)*
Manganese ore sales (dry kt)	2,684.4	2,786.1	(3.7%)
Australia	*1,183.7*	*1,614.5*	*(26.7%)*
Ghana	*1,500.7*	*1,171.6*	*28.1%*
Manganese ore sales (mdmtu)	95.9	105.4	(9.0%)
Australia	*54.3*	*72.3*	*(24.9%)*
Ghana	*41.6*	*33.1*	*25.7%*
Total capex – including exploration ($ million)	19.6	42.6	(54.0%)
Average unit cash cost ($/dmtu)	2.09	2.46	(15.0%)

Australia: Woodie Woodie

Overview
Woodie Woodie is located in the Pilbara region of Western Australia, approximately 400km south east of the town and port of Port Hedland. The Woodie Woodie tenements comprise of approximately 1,250 km^2 of exploration tenements and 100km2 of mining corridor. The mine is serviced by modern infrastructure including an accommodation village, administration buildings, maintenance workshop facilities, power generation infrastructure, a sealed all-weather airstrip and a sealed public road which connects the mine to Port Hedland. Woodie Woodie's high-grade manganese ore which is low in deleterious elements and Port Hedland's location proximate to key Asian markets represent key competitive advantages.

Care and maintenance
The Company announced on the 22nd January 2016 that as a direct result of the current record low price for manganese ore the Board had taken the difficult decision to suspend operations at Woodie Woodie and commence a transition into care and maintenance. Despite relentless cost-cutting and marketing efforts to remain competitive, the price for manganese ore was so low that in the Board's view continuing to operate at Woodie Woodie is no longer economically viable.

The decision means that all operations ceased at the Woodie Woodie mine site on the 2nd February 2016 and as a result approximately 330 direct employees and 50 contractors at the mine site and in West Perth have been made redundant. Transition activities are almost complete and the Woodie Woodie mine is effectively now in care and maintenance. A small caretaking and support team is currently being retained.

Safety
Two recordable injuries occurred at Woodie Woodie during Q4 2015 bringing the total number of recordable injuries for the year to six, down from seven in 2014. The total recordable injury frequency rate decreased to 6.2, down from 7.3 at 31 December 2014.

The company's safety focus has turned to ensuring the activities required to transition Woodie Woodie into care and maintenance are conducted safely and efficiently.

Investigators from the Western Australian Department of Mines and Petroleum have concluded their investigation into the fatality of a contract employee at the mine on the 20th January 2015. The deceased worker's employer has been charged in relation to the fatality. Consolidated Minerals will not be prosecuted.

Production
Total mining volumes for Q4 2015 were 2.6 million BCM, broadly in line with the prior quarter and the corresponding period of 2014, up 1% and 4% respectively, as mining continued in the Topvar and Cracker pits with some early stage development work commencing late in the quarter at Chris D. Stripping ratios reduced strongly in the quarter as significant quantities of ore were mined from the Cracker and Topvar pits.

Total mining volumes for the year totalled 10.0 million BCM up 39% on 2014 as mining in Greensnake was concluded and the new pits, Topvar and Cracker, were pre-stripped. The additional mining volumes were achieved with little additional resources.

Despite higher quantities of ore being mined in Q4 2015, production was again challenging due to the ongoing weathered nature of some of the ores and significant requirement for beneficiation. Production during the quarter was 251kt, down 3% on the prior quarter and down 43% on the corresponding period in 2014. The grade of the ore produced was 45.4% manganese, up from 44.6% in Q3 2015 but down from 47.5% in Q4 2014.

2015 was a challenging year of production where the mine transitioned from the high grade Greensnake pit to the relatively lower grade Topvar and Cracker pits, producing 1.3 million tonnes of saleable ore with an average manganese content of 45.6%, down from 1.7m tonnes with an average manganese content of 44.4% in 2014.

Capital Expenditure
Capital expenditure in 2015 totalled $15.9 million, comprising of $6.8 million on property plant and equipment, inclusive of $3.1 million on mid-life servicing of assets acquired under hire purchase arrangement, and $9.1 million on exploration and resource development.

Exploration and Resource Development
The 2015 exploration program was concluded in Q4 2015, totalling 39km of RC drilling and 300m of diamond drilling for the full year. The program focused heavily on extensions to existing resources and ensuring resources which featured in the mine plan in the near term are mine-ready. The 2015 program was reduced by 70% from what was initially planned due to the very low price environment for manganese ore.

A detailed prospectivity assessment was concluded in Q4 2015, identifying approximately 1,900km^2 of exploration tenements in the Woodie Woodie exploration region as being un-prospective for manganese or other minerals of commercial interest. These tenements have been voluntarily surrendered in Q1 2016, resulting in a more efficient exploration program and reducing annual tenement maintenance costs.

The Company's Mineral Resources and Ore Reserves in Australia have been updated as at 31 December 2015.

	Tonnes (million)		Mn %		
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**	**Tonnes Movement %**
Total Reserves	21.8	25.5	30.2%	29.9%	(14.5%)
Total Resources	48.5	50.3	30.6%	31.4%	(3.6%)

Ghana: Ghana Manganese Company Limited ('GMC')

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 Nsuta are located approximately 63km by rail or 92km by public tarred road from the port facilities at Takoradi. A 30-year mining lease for manganese was granted to GMC in 2001 and Consmin operates under this lease. Manganese ore exported from Nsuta is a manganese carbonate (as opposed to a manganese oxide) with relatively high manganese to iron ratio, making it well suited for alloy and EMM production. When used for the production of EMM it is considered a high-grade ore, as it contains usually 2-3 times more manganese units than other manganese carbonates. The ore produced by GMC is also low in phosphorus and other deleterious elements, which enable it to be an excellent replacement for the low-grade carbonate ores of China.

Safety
Although the GMC mine witnessed a positive safety record, with no major reportable incidents or accidents throughout the year, we sadly recorded a non-mining related accident in the last operational week of 2015. This accident involved a collision outside the operational mining area between a personal vehicle and a 3rd party haulage truck, which resulted in 2 fatalities and 1 severe injury.

Production
Production at GMC totalled 1.5 million tonnes of manganese ore (42 million dmtu) during the year, representing a 1% decrease in both tonnes and dmtu compared to the prior year. Following a cautious start to 2015, and after the resumption of sales to TMI in May 2015, it was decided to accelerate the ore and mine development targets for the second half of the year, resulting in an increase of ore tonnage mined in order to align the ore production volumes with the revised projected sales outlook. The acceleration of the mine development program was to ensure that the Ghanaian operations had the potential to deliver higher anticipated sales targets for both 2016 and 2017. This decision resulted in an increased stripping ratio and the full GMC fleet utilisation, and also required the hiring of an additional contract fleet. Towards the end of 2015 it, however, became clear that the manganese market outlook was suffering from a structural oversupply and reduced demand which impacted the actual loading sequence of export vessels. This caused the additional production volume to not be sold in 2015 but rather stockpiled in Ghana.

Capital Expenditure
A total of $3.7 million, including $0.2 million on exploration, was spent on capital expenditure projects during the year with the majority of this spend on critical spares and components for the mobile and fixed equipment. This is sharply down from the $11.4 million capital expenditure spent during 2014 (including $ 1.4 million on exploration at Pit A).

Exploration

During 2015 exploration infill drilling was focused on the continued resource development of our main Pit C. GMC has now finalised the 31st December 2015 Resource and Reserve statement, the results of which are as shown in the table below. The resource base has increased to 105.0 million tonnes with the reserve base reducing to 41.3 million tonnes. The reduction in reserves is partially due to the 1.2 million tonnes mined during 2015 (depletion) with the remainder due to a revised economic outlook in pricing and design.

	Tonnes (million)		Mn %		
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Tonnes Movement %
Total Reserves	41.3	45.0	28.2%	28.2%	(8.2%)
Total Resources	105.0	101.3	26.8%	26.8%	3.7%

Projects

Port Development Project:
In December 2015 the Ghanaian Parliament approved the additional funding required to complete the project of upgrading the port of Takoradi. The Ghana Ports and Harbours Authority is currently considering outsourcing the future Takoradi bulk commodity loading and discharging activities to a professional third party operator with a consultant being appointed to facilitate this process.

C-North Pit Development:
A public hearing on re-entering the C-North pit was held with the community of Tarkwa Banso in September 2015. Following the presentations made by the Company and regulatory bodies the community indicated that they would insist on the regulators applying the 500 meters boundary distance in order for the Company to obtain the social licence. The regulators reverted with a recommendation for the Company to calculate the economics of the project assuming a 500 meters boundary resettlement obligation. This work is currently on going.

Hotopo Exploration Project:
Following the permitting and renewal of the prospecting licences Hotopo Resources Limited, a subsidiary of the Company, has designed a two-phased exploration programme (mapping and geophysics). These programmes were completed during Q4 2015.

Other Matters

Mindy Mindy
Consmin has a significant interest in the Mindy Mindy iron ore tenements through its 50% shareholding in Pilbara Iron Ore Pty Ltd ('PIO'). PIO's claim that it has earned an 80% ownership interest in one of the tenements is subject to court determination. A decision adverse to PIO was handed down in the Warden's Court on 16 September 2014. PIO has lodged an appeal in the Supreme Court of Western Australia against the Warden's decision. The appeal was part heard on 29-30 October 2015 and has been adjourned until 30-31 March 2016, with a decision expected circa June 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 31 December 2015, the Company's holding in OM Holdings remained at 8.0%, consistent with 31 December 2014. During the year the market value of the Company's holding in OM Holdings decreased by $11.8 million to $4.3 million as at 31 December 2015 - $1.4 million of the decrease was a result of movements in foreign exchange.

Sustainable Development

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

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

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

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

People

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

Financial Review

Condensed Consolidated Statement of Comprehensive Income

$m	31 December 2015	Year Ended 31 December 2014 Restated[1]	31 December 2013 Restated[1]
Revenue	256.7	420.8	618.3
Cost of sales	(188.8)	(229.6)	(268.2)
Gross profit	**67.9**	**191.2**	**350.1**
Selling and distribution costs	(59.6)	(91.3)	(94.1)
General and administrative costs	(35.6)	(43.1)	(43.3)
Other operating income - net	2.3	1.8	5.1
Impairment expense	(256.3)	(0.1)	(21.2)
Exploration write-off expense	(16.5)	(3.7)	-
Settlement income / (expense)	50.0	-	(56.8)
Net foreign exchange loss	(5.8)	(3.3)	(4.4)
Operating (loss) / profit	**(253.6)**	**51.5**	**135.4**
Presented as:			
Adjusted EBITDA	**39.8**	**127.1**	**290.8**
Depreciation and amortisation	(63.7)	(68.5)	(72.7)
Impairment expense	(256.3)	(0.1)	(21.2)
Exploration write-off expense	(16.5)	(3.7)	-
Settlement income / (expense)	50.0	-	(56.8)
Restructuring costs	(1.1)	-	(0.3)
Net foreign exchange loss	(5.8)	(3.3)	(4.4)
Operating (loss) / profit	**(253.6)**	**51.5**	**135.4**
Net financing costs	(32.4)	(49.0)	(28.1)
Share of profits of associated undertakings	-	-	9.6
Gain on disposal of associated undertakings	-	-	43.1
(Loss) / profit before tax from continuing operations	**(286.0)**	**2.5**	**160.0**
Income tax charge	(32.5)	(9.8)	(10.4)
(Loss) / profit from continuing operations	**(318.5)**	**(7.3)**	**149.6**
Profit / (loss) from discontinued operations (attributable to owners of the parent company)	-	8.6	(4.4)
(Loss) / profit for the year	**(318.5)**	**1.3**	**145.2**

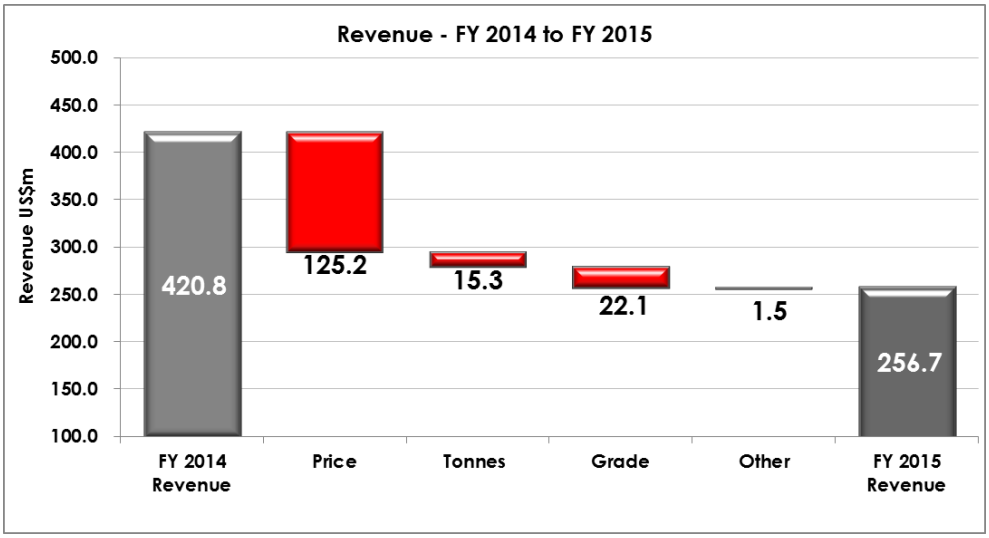
[1] Refer to note 2f of the Audited Consolidated Financial Statements.

Revenue

The consolidated revenue for the Group decreased by 39% from $421 million in 2014 to $257 million in 2015 as a result of the combination of lower pricing, lower volumes sold and lower average grade sold. The average price of our manganese ore sold in 2015 was $2.68/dmtu FOB, compared to $3.98/dmtu FOB in 2014, a decrease of 33% reflecting the reduction in the benchmark price over the same period.

Manganese volumes sold (in tonnes) decreased by 4% in 2015 compared to 2014 with a 27% reduction in Australian sales tonnes which were substantially offset by a 28% increase in Ghanaian sales tonnes. Sales from Australia were affected by a combination of lower production as the mine transitioned from the high grade Greensnake pit to the relatively lower grade Topvar and Cracker pits and the ongoing weathered nature of some of the ores which required significant beneficiation. Ghanaian sales in 2015 benefitted from the resumption of the trading relationship with TMI whilst sales in 2014 were impacted by the termination of the long-term off-take agreement with TMI. Ghanaian sales in 2015 also included 183k tonnes sold from bonded warehouse.

The graph below summarise the decrease in revenue compared to 2014:



Cost of Sales

The cost of sales for the Group decreased by 18% from $230 million in 2014 to $189 million in 2015. An analysis of the cost of sales is as follows:

$m	31 December 2015	Year Ended 31 December 2014 Restated[1]	31 December 2013 Restated [1]
Manganese			
Mining and production expenses	124.4	171.5	183.9
Depreciation and amortisation	63.1	67.7	71.3
Royalties and other taxes	18.8	35.6	39.3
Deferred stripping	(36.4)	(37.1)	(21.9)
Net movement in inventories	17.9	(9.7)	(7.6)
Other	1.0	-	0.3
Total manganese cost of sales	**188.8**	**228.0**	**265.3**
Other cost of sales	-	1.6	2.9
Total cost of sales	**188.8**	**229.6**	**268.2**

[1] Refer to note 2f of the Audited Consolidated Financial Statements.

The principal factors driving the $41 million decrease in cost of sales are as follows:

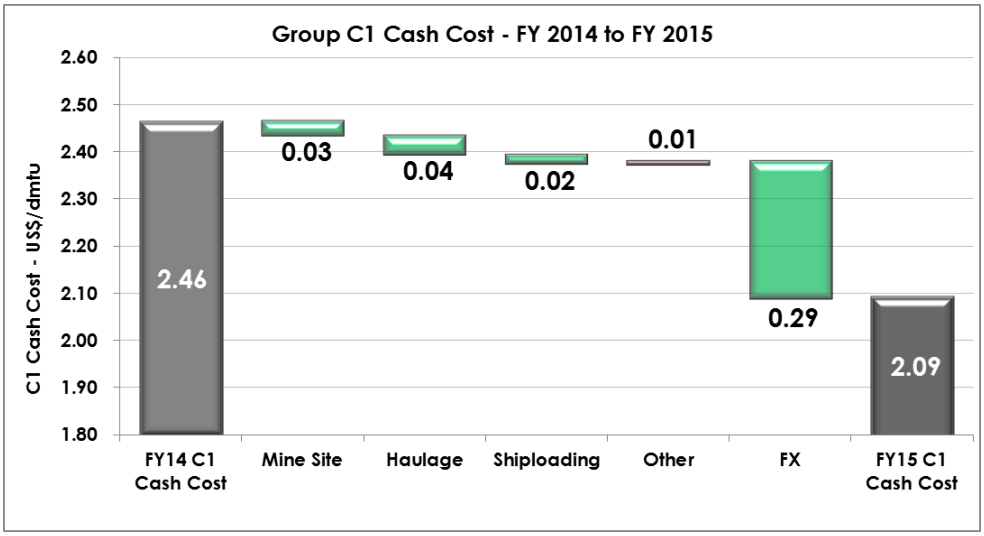
- A $47 million benefit from reduced mining and production costs reflecting the reduction in C1 manganese unit cash cost driven by reduced mine site costs and foreign exchange benefits due to the relative weakening of the Australian dollar;
- A $17 million decrease in royalties as a result of lower revenues in the year; and
- A $5 million reduction in depreciation driven by lower production levels in the year and foreign exchange benefits from the weakening of the Australian dollar;

  offset by:

- A $28 million increased cost in relation to net movement in inventories compared to 2014. Stock levels at the end of 2014 were significantly higher than at the end of 2015 due to lower sales volumes in 2014 (largely as a result of the termination of the TMI contract) and higher levels of production. Comparatively, production in 2015 from Australia has been significantly lower as a result of the transition phase from the major pit of Greensnake to Topvar and Cracker resulting in stockpiles being depleted to a more normalised level.

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, improved in the year by 15% to $2.09/dmtu from $2.46/dmtu in 2014.

As the graph below shows, the reduction in the C1 cash cost in 2015 is largely a result of benefits due to the foreign exchange impact of the relative weakening of the Australian dollar and slight reductions in mine site, haulage and shiploading costs.



Gross Profit

Gross profit for the Group was $68 million in 2015, a decrease of 64% from $191 million in 2014. The gross profit margin has decreased from 45% in 2014 to 26% in 2015. The reduction in both gross profit and gross profit margin has been driven by lower manganese ore prices, a decrease in ore tonnes sold and lower average grade of ore sold, partially offset by reduced mining costs and foreign exchange benefit.

Adjusted EBITDA and Cash EBITDA

Adjusted EBITDA and Cash EBITDA are calculated as follows:

$m	Year Ended 31 December 2015	31 December 2014	31 December 2013
Operating (loss) / profit	**(253.6)**	**51.5**	**135.4**
Depreciation and amortisation	63.7	68.5	72.7
Impairment expense	256.3	0.1	21.2
Exploration write-off expense	16.5	3.7	-
Settlement (income) / expense	(50.0)	-	56.8
Restructuring costs	1.1	-	0.3
Net foreign exchange loss	5.8	3.3	4.4
Adjusted EBITDA	**39.8**	**127.1**	**290.8**
Deferred stripping	(36.4)	(37.1)	(21.9)
Net movement in inventories	17.9	(9.7)	(7.6)
'Cash' EBITDA	**21.3**	**80.3**	**261.3**

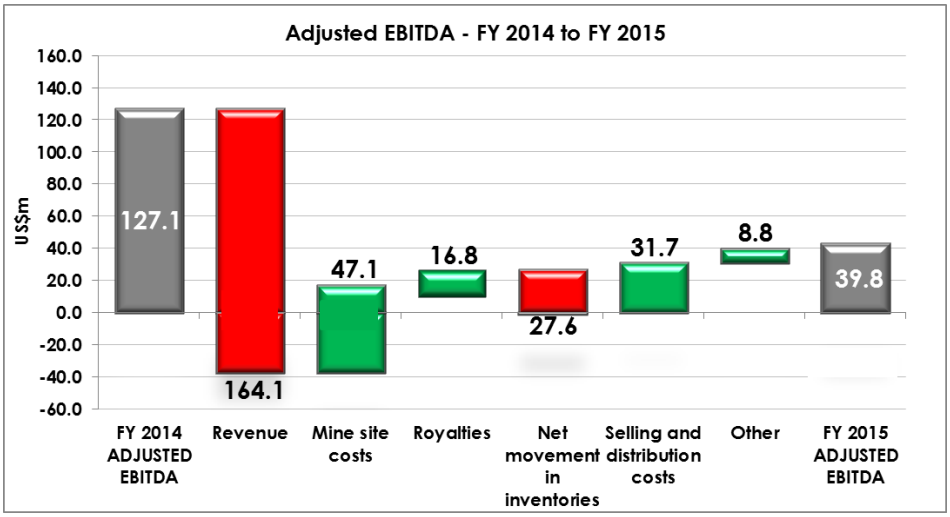
Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back / expense, net foreign exchange gain or loss and exceptional items. Cash EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement 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 for 2015 was $40 million, a decrease of $87 million from $127 million in 2014, as a result of the following key movements:

- A decrease in revenue of $164 million as a result of lower pricing, reduced volumes and lower average grade sold; and
- An increased cost of $28 million relating to the net movement in inventories due to lower production levels compared to 2014 and a reduced valuation of the ROM stockpile;

offset partially by benefits from:

- A reduction in mining and production expenses of $47 million due to reduced mine site costs and the relative weakening of the Australian dollar;
- A $32 million reduction in selling and distribution costs reflecting lower volumes hauled and shipped and benefits from lower fuel prices and foreign exchange;
- A reduction in royalties of $17 million due to lower revenues; and
- An $8 million reduction in general and administration expenses as a result of cost saving measures implemented during 2015.



Cash EBITDA for 2015 was $21 million, a decrease of $59 million from $80 million in 2014 due to the reasons outlined above for adjusted EBITDA and after the benefit of the net movement in inventories of $28 million.

Impairment

In accordance with International Financial Reporting Standards goodwill and non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable. For the year ended 31 December 2015 we recorded a $256 million impairment charge for the year of which $155 million related to the impairment of Australian Manganese non-current assets, $36 million related to the impairment of Australian Iron Ore non-current assets and $65 million related to the Group's investment in OM Holdings Limited, $55 million of which has been reclassified from reserves having being recognised in prior periods as revaluation losses in other comprehensive income. The impairments arose as a result of the significant decline in commodity pricing during the year.

Other Key Items

Selling and distribution expenses decreased by $32 million from $91 million in 2014 to $60 million in 2015 as a result of reduced sales volumes leading to lower volumes hauled in Australia and the benefits of the weakening of the Australian dollar.

General and administrative expenses decreased by $8 million compared to 2014 as a result of cost reducing measures and the foreign exchange benefit from the relative weakening of the Australian dollar.

Net financing costs are $32 million for 2015, a reduction of $17 million from $49 million in 2015. In 2015 a $4 million gain was recognised in finance income on the repurchase of a part of our senior secured notes. Comparatively in 2014 an $11 million finance cost was recognised in relation to the premium paid on the early redemption of the 2016 senior secured notes and an additional $6 million finance cost from the expensing of capitalised costs associated with these notes relating to the early redemption.

The Group is subject to taxation in the jurisdictions in which it operates, primarily Australia and Ghana. The parent company is domiciled in Jersey and is subject to a corporate tax rate of 0%. The Group recognised an income tax charge of $33 million in 2015 compared to an income tax charge of $10 million in 2014. The charge in 2015 primarily relates to the derecognition of deferred tax assets associated with the Australian operations as it is no longer probable that sufficient taxable profit will be available to allow the benefit of that deferred tax asset to be utilised.

(Loss) / profit from continuing operations for the Year

The Group has recognised a loss from continuing operations for 2015 of $319 million, compared to a profit from continuing operations of $1 million in 2014.

Condensed Consolidated Statement of Financial Position

$m	As at 31 December 2015	31 December 2014
Cash and cash equivalents	79.1	82.1
Other current assets	67.7	122.2
Non-current assets	211.4	503.7
Total assets	358.2	708.0
Current borrowings	(10.1)	(29.7)
Non-current borrowings	(380.2)	(398.9)
Other current liabilities	(34.4)	(52.9)
Other non-current liabilities	(90.6)	(101.7)
Total liabilities	(515.3)	(583.2)
Net (liabilities) / assets	(157.1)	124.8

Cash and Cash Equivalents

Cash and cash equivalents at 31 December 2015 were $79 million, a decrease of $3 million from $82 million at 31 December 2014. This is due to positive cashflows from operating activities of $89 million supported by the $50 million settlement received from TMI for access to Ghanaian manganese ore offset by bond interest paid, bond repurchases and capital expenditure.

Current and Non-Current Assets

Non-current assets have substantially decreased in the year as a result of the $256 million impairment of Australian non-current assets.

Borrowings

Current borrowings have decreased to $10 million at 31 December 2015 from $30 million at 31 December 2014 as a result of the substantial repayment of the Ghanaian overdraft facility during the year with $3 million outstanding at year end. Non-current borrowings have decreased by $19 million since 31 December 2014 due to the repurchase of senior secured notes in the year and a decrease in non-current hire purchase liabilities.

Guarantor Group

During the year ended 31 December 2015 the Guarantors of the senior secured notes represented 100% (31 December 2014: 100%) of our consolidated revenues and 56% (31 December 2014: 86%) of our consolidated EBITDA. As of 31 December 2015 the Guarantors represented 35% of our consolidated total assets (31 December 2014: 66%). As of 31 December 2015 the non-guarantor subsidiaries have $3 million of indebtedness outstanding (31 December 2014: $23 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.

Condensed Consolidated Statement of Cash Flows

$m	Year Ended 31 December 2015	31 December 2014	31 December 2013
Cash inflow from continuing operating activities	88.5	31.8	254.4
Cash (outflow) / inflow from continuing investing activities	(19.1)	(42.6)	63.1
Cash outflow from continuing financing activities	(50.6)	(149.3)	(164.5)
Net increase / (decrease) in cash and cash equivalents from continuing activities	18.8	(160.1)	153.0
(Decrease) / increase in cash and cash equivalents from discontinuing activities	-	(0.9)	8.3
Net increase / (decrease) in cash and cash equivalents	**18.8**	**(161.0)**	**161.3**
Cash and cash equivalents at the beginning of the year	59.5	219.9	73.9
Exchange (losses) / gains on cash and cash equivalents	(2.4)	0.6	(15.3)
Cash and cash equivalents at the end of the year	**75.9**	**59.5**	**219.9**

Cash Flows and Liquidity

Net cash generated from operating activities from continuing operations amounted to $89 million in 2015 compared to $32 million in 2014, an increase of $57 million. This increase in operating cash flow was largely driven by the $50 million settlement received from TMI for access to Ghanaian manganese ore.

The net cash outflow from investing activities was $19 million in 2015 compared to a cash outflow of $43 million in 2014, a decrease of $24 million due to lower payments for capital expenditure in the year.

The net cash outflow from financing activities was $51 million in 2015 compared to a net cash outflow of $149 million in 2014. The cash outflow in 2015 substantially relates to interest paid on the 2020 senior secured notes and the repurchase of 2020 senior secured notes at a cost of $11 million. The cash outflow in 2014 is the net impact of the repurchase of the 2016 senior secured notes and the issue of the 2020 senior secured notes and the related bond interest and repayment of shareholder loan.

As a result total cash and cash equivalents net of overdrafts increased to $76 million at 31 December 2015 from $60 million at 31 December 2014. The liquidity position of the Group is further supported by circa $3 million of marketable securities held that could be converted to cash if such a need arose.

Although net cash and cash equivalents at 31 December 2015 was $76 million, the continued weakness and uncertain outlook on pricing for manganese ore, as well as the costs associated with placing the Woodie Woodie mine into care and maintenance have put further pressure on liquidity with net cash and cash equivalents having reduced to US$41 million at 29 February 2016.

Management has analysed its cash flow forecast with a view to assessing whether the financial statements should be prepared on a going concern basis (refer to Note 2b). Analysis of the cash flow forecast has identified the potential need, if pricing remains at expected levels, to renegotiate existing funding arrangements or obtain additional funding in late 2016 in order for the Group to meet its on-going cash requirements. As a result of this 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.

Company Registered Number 100396

Consolidated Minerals Limited

Directors' Report and Audited Consolidated Financial Statements
For the Year Ended 31 December 2015

Index to the Consolidated Financial Statements

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Directors' report

For the year ended 31 December 2015

The directors present the audited consolidated financial statements for the year ended 31 December 2015.

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

Principal activities
The consolidated statement of comprehensive income for the year is set out on page 22. The principal activities of the Company and its subsidiaries are the exploration, mining, processing and sale of manganese ore.

Directors' responsibilities statement

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

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

In preparing those financial statements the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business (refer to note2b); and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

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

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

Directors

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

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

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

Results for the year
During the year the Company made a loss for the year of $318.5 million (2014: $1.3 million profit).

Dividends
The Company did not pay a dividend during the year ending 31 December 2015 (2014: $nil).

Secretary
The secretary of the Company is Mr David Slater.

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

Registered office:

Commercial House
3 Commercial Street
St Helier
Jersey
JE2 3RU

By Order of the Board

David Slater
Executive Director and CFO

Date: 31 March 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONSOLIDATED MINERALS LIMITED

REPORT ON THE GROUP FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs"); and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements. The Group will have difficulties paying the bond interest in November 2016 due to the depressed economic environment affecting Manganese prices. Management is looking into a number of options, including a restructuring of the bonds. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

WHAT WE HAVE AUDITED

The Group financial statements for the year ended 31 December 2015, which are prepared by Consolidated Minerals Limited, comprise:

- the consolidated statement of financial position as at 31 December 2015;
- the consolidated statement of comprehensive income for the year ended;
- the consolidated statement of cash flows for the year ended;
- the consolidated statement of changes in equity for the year; and
- the notes to the financial statements, which include a summary of the significant accounting policies and other explanatory information.

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

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

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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

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

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

OPINION ON OTHER MATTER

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Timothy McAllister
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

31 March 2016

Consolidated statement of comprehensive income

$m	Note	Years ended 31 December 2015	2014 Restated[1]	2013 Restated[1]
Revenue	8	256.7	420.8	618.3
Cost of sales	9	(188.8)	(229.6)	(268.2)
Gross profit		67.9	191.2	350.1
Selling and distribution costs	10	(59.6)	(91.3)	(94.1)
General and administrative costs	11	(35.6)	(43.1)	(43.3)
Other operating income – net	12	2.3	1.8	5.1
Impairment expense	15	(256.3)	(0.1)	(21.2)
Exploration write-off expense		(16.5)	(3.7)	-
Settlement income / (expense)	13	50.0	-	(56.8)
Net foreign exchange loss	14	(5.8)	(3.3)	(4.4)
Operating (loss) / profit		(253.6)	51.5	135.4
Presented as:				
Adjusted EBITDA		**39.8**	**127.1**	**290.8**
Depreciation and amortisation	21	(63.7)	(68.5)	(72.7)
Impairment expense	15	(256.3)	(0.1)	(21.2)
Exploration write-off expense		(16.5)	(3.7)	-
Settlement income / (expense)	13	50.0	-	(56.8)
Restructuring costs		(1.1)	-	(0.3)
Net foreign exchange loss	14	(5.8)	(3.3)	(4.4)
Operating (loss) / profit		**(253.6)**	**51.5**	**135.4**
Finance income	18	3.9	0.9	3.7
Financing costs	18	(36.3)	(49.9)	(31.8)
Net financing costs		(32.4)	(49.0)	(28.1)
Share of profits of associated undertakings	19	-	-	9.6
Gain on disposal of associated undertakings	19	-	-	43.1
(Loss) / profit before tax from continuing operations		**(286.0)**	**2.5**	**160.0**
Income tax charge	20	(32.5)	(9.8)	(10.4)
(Loss) / profit for the year from continuing operations		(318.5)	(7.3)	149.6
Profit / (loss) for the year from discontinued operations (attributable to owners of the parent)		-	8.6	(4.4)
(Loss) / profit for the year		(318.5)	1.3	145.2
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Revaluation of available-for-sale financial assets	33	(0.2)	0.1	4.4
Net foreign currency translation differences	33	(17.8)	(23.0)	(57.8)
Income tax credit / (charge) on other comprehensive income	20	0.1	0.1	(0.1)
Other comprehensive expense for the year, net of tax		(17.9)	(22.8)	(53.5)
Total comprehensive (expense) / income for the year		(336.4)	(21.5)	91.7
(Loss) / profit attributable to:				
Owners of the parent company		(318.3)	1.0	143.5
Non-controlling interest		(0.2)	0.3	1.7
(Loss) / profit for the year		(318.5)	1.3	145.2
Total comprehensive (expense) / income attributable to:				
Owners of the parent company		(336.2)	(21.8)	90.0
Non-controlling interest		(0.2)	0.3	1.7
Total comprehensive (expense) / income for the year		(336.4)	(21.5)	91.7

[1]Refer to note 2f of the Audited Consolidated Financial Statements.

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

$m	Note	As at 31 December 2015	As at 31 December 2014
Non-current assets			
Property, plant and equipment	21	168.8	336.6
Intangible assets	22	9.0	85.4
Goodwill	23	28.9	28.9
Available-for-sale financial assets	25	4.6	16.4
Trade and other receivables	26	0.1	-
Deferred tax asset	20	-	36.4
		211.4	**503.7**
Current assets			
Inventories	24	47.7	70.6
Trade and other receivables	26	18.0	48.6
Income tax receivable		2.0	3.0
Cash and cash equivalents	27	79.1	82.1
		146.8	**204.3**
Current liabilities			
Borrowings	28	(10.1)	(29.7)
Trade and other payables	29	(29.6)	(46.0)
Provisions	30	(4.8)	(6.9)
		(44.5)	**(82.6)**
Net current assets		**102.3**	**121.7**
Non-current liabilities			
Borrowings	28	(380.2)	(398.9)
Trade and other payables	29	(1.0)	(5.9)
Provisions	30	(53.9)	(57.9)
Deferred tax liabilities	20	(35.7)	(37.9)
		(470.8)	**(500.6)**
Net (liabilities) / assets		**(157.1)**	**124.8**
Attributable to the equity shareholders of the parent company			
Share capital	31	10.0	10.0
Share premium	31	194.7	194.7
Subordinated shareholder loans treated as equity	32	737.5	737.5
Reserves	33	(13.3)	(49.9)
Accumulated losses	34	(1,098.8)	(780.5)
Total equity attributable to equity holders of the parent company		**(169.9)**	**111.8**
Non-controlling interests	38	12.8	13.0
Total equity		**(157.1)**	**124.8**

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

These consolidated financial statements on pages 22 to 61 were authorised for issue by the Board of Directors on 31 March 2016 and were signed on its behalf.

David Slater
Executive Director / CFO

Steven Bowen
Director

Consolidated statement of changes in equity

	Attributable to equity owners of the parent company							
$m	**Share capital**	**Share premium**	**Shareholder equity**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2015	10.0	194.7	737.5	(49.9)	(780.5)	111.8	13.0	124.8
Loss for the year	-	-	-	-	(318.3)	(318.3)	(0.2)	(318.5)
Revaluation of available-for-sale financial assets	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Reclassified to profit and loss				54.5		54.5	-	54.5
Foreign currency translation differences	-	-	-	(17.8)	-	(17.8)	-	(17.8)
Income tax on other comprehensive income	-	-	-	0.1	-	0.1	-	0.1
Dividend paid	-	-	-	-	-	-	-	-
Balance at 31 December 2015	10.0	194.7	737.5	(13.3)	(1,098.8)	(169.9)	12.8	(157.1)

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

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

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

$m	Note	Years ended 31 December 2015	2014	2013
Cash flow from operating activities				
(Loss) / profit before tax		(286.0)	2.5	160.0
Adjustments to add / (deduct) non-cash items:				
Depreciation and amortisation		63.7	68.5	72.7
Deferred stripping		(36.4)	(37.1)	(21.9)
NRV inventory write-down expense		14.0	-	-
Impairment expense		256.3	0.1	21.2
Exploration write-off expense		16.5	3.7	-
Loss on sale of property, plant and equipment		1.1	1.4	1.2
Settlement expense		-	-	56.8
Share of profits of associated undertakings		-	-	(9.6)
Gain on disposal of associated undertakings		-	-	(43.1)
Net foreign exchange loss		5.8	3.3	4.4
Net financing costs		32.4	49.0	28.1
Working capital adjustments:				
Decrease / (increase) in inventories		6.9	(10.2)	(2.0)
Decrease in receivables		29.3	7.1	2.6
Decrease in payables		(14.9)	(5.7)	(2.4)
Decrease in provision for contractual obligations		-	(39.7)	-
Net movement in working capital		21.3	(48.5)	(1.8)
Income taxes paid		(0.2)	(11.1)	(13.6)
Net cash generated from continuing operating activities		88.5	31.8	254.4
Net cash generated from discontinued operating activities		-	(0.9)	8.5
Net cash generated from operating activities		88.5	30.9	262.9
Cash flow from investing activities				
Purchase of property, plant and equipment		(10.3)	(13.4)	(33.4)
Payments for mineral exploration and development expenditure		(9.3)	(29.2)	(26.2)
Proceeds from sale of property, plant and equipment		0.2	0.2	9.6
Interest received		0.3	0.9	1.9
Proceeds from dividends received		-	-	9.7
Proceeds from sale of associated undertakings		-	-	101.5
Payments for investment in subsidiary company		-	(1.1)	-
Net cash (outflow) / inflow from continuing investing activities		(19.1)	(42.6)	63.1
Net cash outflow from discontinued investing activities		-	-	(0.2)
Net cash (outflow) / inflow from investing activities		(19.1)	(42.6)	62.9
Cash flow from financing activities				
Repayments of shareholder loan treated as equity		-	(250.0)	-
Interest paid		(32.7)	(28.8)	(30.4)
Dividends paid to non-controlling interest		-	(1.6)	(0.5)
Net proceeds from issue of senior secured notes		-	383.1	-
Payments for repurchase of senior secured notes		(10.5)	(245.6)	(127.7)
Repayment of hire purchase borrowings		(7.4)	(6.4)	(5.9)
Net cash outflow from financing activities of continuing operations		(50.6)	(149.3)	(164.5)
Net cash outflow from financing activities of discontinued operations		-	-	-
Net cash outflow from financing activities		(50.6)	(149.3)	(164.5)
Net increase / (decrease) in cash and cash equivalents from continuing operations		18.8	(160.1)	153.0
Net (decrease) / increase in cash and cash equivalents from discontinued operations		-	(0.9)	8.3
Net increase / (decrease) in cash and cash equivalents		18.8	(161.0)	161.3
Cash and cash equivalents at the beginning of the year	27	59.5	219.9	73.9
Exchange (losses) / gains on cash and cash equivalents		(2.4)	0.6	(15.3)
Cash and cash equivalents at the end of the year	27	75.9	59.5	219.9

As at 31 December 2015 there was a capital creditor of $1.5m relating to the acquisition of property, plant and equipment.

The notes on pages 26 to 61 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1. General information

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

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).

The financial statements of the Group and the Company for the year ended 31 December 2015 were approved and authorised for issue by the Board of Directors on 31 March 2016.

2. Basis of preparation

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

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for the available-for-sale financial assets measured at fair value.

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

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

(b) Going concern

For the year ended 31 December 2015, the Group incurred a net loss of $318.5 million and at 31 December 2015 the Group had net liabilities of $157.1 million. As at 31 December 2015 the Group had a cash balance of $79.1 million and borrowings of $390.3 million as disclosed in Notes 27 and 28. Borrowings consist of current borrowings of $10.1 million and non-current borrowings of $380.2 million.

Over the course of 2015 manganese ore prices declined significantly with the market collapsing in the fourth quarter of 2015 due to the economic slowdown in China and an oversupply of manganese ore globally; there was a further decline in pricing in January 2016 such that prices were at a record low. As a result of these depressed prices and the limited opportunity for a significant recovery, the company took the difficult decision in late January 2016 to place its Australian Woodie Woodie mine on care and maintenance in order to help preserve the Group's liquidity whilst maintaining the future value of our ore reserves. As a result local management in Australia has taken steps to substantially reduce the organisation structure, minimise capital expenditure and decrease administrative spend but without compromising safety and reliability. The Group's Ghana operations however will be maintained with production expected in 2016 to be at similar levels to 2015.

Management has analysed its cash flow forecast with a view to assessing whether the financial statements should be prepared on a going concern basis. This cash flow forecast reflects the continuing mining and production in Ghana but the Australian Woodie Woodie mine is assumed to remain on care and maintenance. The cash outflow from investing activities includes sustaining capex for the Ghana operations and exploration costs in Australia required to maintain the current tenements.

Analysis of the cash flow forecast has identified the potential need, if pricing remains at expected levels, to renegotiate existing funding arrangements or obtain additional funding in late 2016 in order for the Group to meet its on-going cash requirements. The Group has a significant obligation to pay interest of circa $30.9 million per annum on the outstanding principal of its $400 million Bond due 2020 (see note 28 to the Group financial statements) and a further circa $7.0 million on repayment of hire purchase borrowings. In light of the above factors, management's forecasts indicate that it will not be able to pay the ongoing debt interest payments and operational cash requirements from November 2016.

On 8 March 2016 the Group announced to the holders of its Notes (the "Noteholders") that it wished to discuss options with respect to its current payment obligations. In addition to discussions with the Noteholders, management is also considering other options which will further improve the liquidity position such as further operational savings in both Ghana and Australia.

In light of the challenging economic environment, the financial position of the Group and its cash flow challenges, management has concluded therefore that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern.

However, having considered the options outlined above and the current cash flow projections for the Group, management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and therefore the annual financial statements continue to be prepared on a going concern basis, which assumes the realisation of assets and discharge of liabilities in the normal course of business within the foreseeable future.

The financial statements do not include the adjustments that would be necessary if the Group was unable to continue as a going concern.

(c) Basis of consolidation

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

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

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

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

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest are also recorded in equity.

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

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

(d) New and amended standards mandatory for the first time for the financial year beginning 1 January 2015 relevant to the Group

There are no new or amended accounting standards mandatory for the first time for the financial year beginning 1 January 2015, 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.

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

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

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

IFRS 16 *Leases*: In January 2016 International Accounting Standards Board (IASB) issued IFRS 16 Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. We are currently assessing the impact of adopting IFRS 16 on our consolidated financial statements.

(f) Comparatives

Where applicable, comparatives have been prepared on the same basis as current period figures.

The prior period comparatives have been restated to reflect the reclassification of certain costs from cost of sales to selling and distribution costs, general and administration costs and other operating income/expense to align cost classifications across the Group.

For the quantitative impact of the reclassification on the prior period consolidated financial statements, please refer to the tables below.

Adjustments to the consolidated statement of income in relation to the cost reclassification:

For the year ended 31 December

$m	**2014 (previously stated)**	**Reclassification Adjustment**	**2014 (restated)**
Revenue	420.8	-	420.8
Cost of sales	(236.4)	6.8	(229.6)
Gross profit	**184.4**	**6.8**	**191.2**
Selling and distribution costs	(89.6)	(1.7)	(91.3)
General and administrative costs	(38.7)	(4.4)	(43.1)
Other operating income - net	2.5	(0.7)	1.8
Net impact on operating profit		-	

For the year ended 31 December

$m	**2013 (previously stated)**	**Reclassification Adjustment**	**2013 (restated)**
Revenue	618.3	-	618.3
Cost of sales	(274.6)	6.4	(268.2)
Gross profit	**343.7**	**6.4**	**350.1**
Selling and distribution costs	(92.4)	(1.7)	(94.1)
General and administrative costs	(39.3)	(4.0)	(43.3)
Other operating income - net	5.8	(0.7)	5.1
Net impact on operating profit		-	

(g) Changes in accounting policies

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

3. Summary of significant accounting policies

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

(a) Foreign currency translation

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

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

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

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

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

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

	31 December 2015	Average 2015	31 December 2014	Average 2014	31 December 2013	Average 2013
Australian dollar	0.7298	0.7522	0.8156	0.9024	0.8873	0.9683
British Pound	1.4802	1.5283	1.5532	1.6476	1.6488	1.5643

(b) Revenue recognition

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

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

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

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

(c) Finance income and costs

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

of interest on provisions and interest expense from the unwinding of discount on provisions for asset retirement obligations.

(d) Income tax

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

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

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

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

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

(e) Dividends

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

(f) Finance leases and hire purchase commitments

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

(g) Operating leases

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

(h) Borrowing costs

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

(i) Investments in associates

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

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

(j) Property, plant and equipment

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

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

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

Depreciation for mining plant and equipment (leased) is calculated on the shorter of the lease period or units of production basis.
The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

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

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

Property (Infrastructure) and Mining Properties

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

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

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

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

(k) Deferred stripping

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

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

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

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

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

(iii) increases the productive capacity or extends the productive life of the mine (or pit).

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

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

(l) Intangible Assets - Intangible Assets

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

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

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

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

(m) Goodwill

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

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

(n) Impairment of non-current assets

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

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

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

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

(o) Financial assets

Recognition

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

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

Classification and measurement

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

(a) Loans and receivables

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

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

(b) Available-for-sale financial assets

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

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

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

(p) Inventories

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

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

(q) Trade and other receivables

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

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

(r) Cash and cash equivalents

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

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

(s) Borrowings

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

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

(t) Trade and other payables

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

(u) Employee benefits

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

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

(v) Provisions

General

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

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

Rehabilitation provision

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

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

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

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

(w) Discontinued Operations

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

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

4. Critical accounting judgments and key sources of estimation uncertainty

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

(a) Going concern

The consolidated financial statements have been prepared on a going concern basis (refer to note 2b).

(b) Reserves and resources

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

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

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

(c) Impairment of assets

In accordance with IAS 36 *Impairment of Assets*, assets and investments are tested for impairment if there is an indicator for impairment. Factors considered to be important which could trigger an impairment review include:

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

Calculating the estimated fair values of CGU's for non-current asset impairment tests requires management to make estimates and assumptions such as future sales and production levels, operating and capital costs, future market prices, foreign exchange rates and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the assessment of the estimated recoverable amount of assets or CGU's. Refer to Note 15 – Impairment Expense.

(d) Capitalisation of exploration and evaluation expenditure

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

(e) Inventories

In accordance with IAS 2 *Inventories*, the Group measures its inventories at the lower of cost and net realisable value. The determination of net realisable value requires the Group to use estimates and assumptions concerning selling prices and future costs to convert ore stocks to finished goods. When these assumptions become known in the future, and to the extent that they differ from the assumptions made, such differences will impact pre-tax profit and the carrying values of inventories.

(f) Taxation

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the

final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

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

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

(g) Rehabilitation provision

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

These uncertainties may result in future actual expenditure differing from amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Refer to Note 30 – Provisions.

(h) Deferred stripping costs

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

(i) Units of production method of depreciation and amortisation

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

a) External

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

b) Strategic

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

c) Financial

The Group's reported results could be adversely affected by the impairment of assets and goodwill, liquidity risks and unexpected gains or losses arising from the settlement of legal claims.

d) Operational

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

e) Sustainable development

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

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

6. Discontinued operations

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

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

The book value of Coobina upon transfer on 2nd April 2014 was a net liability of $3 million and the transfer generated a non cash gain on disposal of $9.6 million in the statement of comprehensive income which has been included in the profit for the year ended 31 December 2014 from discontinued operations in the statement of comprehensive income.

As a result of the above the Chromite operations have been treated as discontinued in operation for the years ending 31 December 2014 and 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 year ended 31 December	**2015**	**2014**	**2013**
$m			
Revenue	-	4.5	69.4
Cost of sales	-	(4.5)	(58.5)
Selling and distribution costs	-	(0.9)	(19.6)
General and administration expenses	-	(0.1)	(0.2)
Other operating income	-	-	-
Net foreign exchange (loss) / gain	-	(0.1)	1.2
Operating loss	-	(1.1)	(7.7)
Net financing costs	-	-	(0.1)
Profit on disposal of chrome assets	-	9.7	-
Income tax credit	-	-	3.4
Profit / (loss) for the year	-	8.6	(4.4)
Adjusted EBITDA	-	(1.0)	5.9

Cashflows from discontinued operations are shown below:

For the year ended 31 December	**2015**	**2014**	**2013**
$m			
Net cash (outflow) / generated from operating activities	-	(0.9)	8.5
Net cash outflow from investing activities	-	-	(0.2)
Net cash (outflow) / generated from discontinued operations	-	(0.9)	8.3

7. Segment analysis

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

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

2015 **$m**	**Manganese**	**Other**	**Total from continuing operations**	**Chromite (discontinued operations)**	**Total**
Revenue from external customers	256.7	-	256.7	-	256.7
Cost of goods sold	(188.8)	-	(188.8)	-	(188.8)
Gross profit	67.9	-	67.9	-	67.9
Adjusted EBITDA	59.1	(19.3)	39.8	-	39.8
Depreciation	(63.1)	(0.6)	(63.7)	-	(63.7)
Net foreign exchange loss	(2.8)	(3.0)	(5.8)	-	(5.8)
Impairment expense	(155.4)	(100.9)	(256.3)	-	(256.3)
Exploration write-down	(16.5)	-	(16.5)	-	(16.5)
Settlement income	50.0	-	50.0	-	50.0
Restructuring costs	(0.4)	(0.7)	(1.1)	-	(1.1)
Finance income	-	3.9	3.9	-	3.9
Finance expense	(2.3)	(34.0)	(36.3)	-	(36.3)
Profit / (loss) before tax	(131.4)	(154.6)	(286.0)	-	(286.0)
Income tax charge[2]			(32.5)	-	(32.5)
Loss for the year			(318.5)	-	(318.5)
Total assets	307.9	50.3	358.2	-	358.2
Total liabilities	(133.7)	(381.6)	(515.3)	-	(515.3)

2014 Restated[1] **$m**	**Manganese**	**Other**	**Total from continuing operations**	**Chromite (discontinued operations)**	**Total**
Revenue from external customers	419.2	1.6	420.8	4.5	425.3
Cost of goods sold	(228.0)	(1.6)	(229.6)	(4.5)	(234.1)
Gross profit	191.2	-	191.2	-	191.2
Adjusted EBITDA	154.0	(26.9)	127.1	(1.0)	126.1
Depreciation	(67.8)	(0.7)	(68.5)	-	(68.5)
Net foreign exchange (loss) / gain	(3.6)	0.3	(3.3)	(0.1)	(3.4)
Impairment expense	-	(0.1)	(0.1)	-	(0.1)
Exploration write-down	(3.7)	-	(3.7)	-	(3.7)
Finance income	-	0.9	0.9		0.9
Finance expense	(2.9)	(47.0)	(49.9)		(49.9)
Gain on disposal of chromite assets	-	-	-	9.7	9.7
Profit / (loss) before tax	76.0	(73.5)	2.5	8.6	11.1
Income tax[2]			(9.8)	-	(9.8)
(Loss) / profit for the year			(7.3)	8.6	1.3
Total assets	571.5	136.4	707.9	0.1	708.0
Total liabilities	(183.8)	(398.9)	(582.7)	(0.5)	(583.2)

2013 Restated[1] $m	Manganese	Other	Total from continuing operations	Chromite (discontinued operations)	Total
Revenue from external customers	618.3	-	618.3	69.4	687.7
Cost of goods sold	(265.3)	(2.9)	(268.2)	(58.5)	(326.7)
Gross profit / (loss)	353.0	(2.9)	350.1	10.9	361.0
Adjusted EBITDA	322.3	(31.5)	290.8	5.9	296.7
Depreciation	(71.4)	(1.3)	(72.7)	(13.5)	(86.2)
Net foreign exchange gain / (loss)	(4.8)	0.4	(4.4)	1.2	(3.2)
Impairment expense / (income)	(30.3)	9.1	(21.2)	-	(21.2)
Settlement expense	-	(56.8)	(56.8)	-	(56.8)
Restructuring costs	(0.1)	(0.2)	(0.3)	(1.3)	(1.6)
Finance income	0.1	3.6	3.7	-	3.7
Finance expense	(1.7)	(30.1)	(31.8)	(0.1)	(31.9)
Share of profit of associated undertakings	-	9.6	9.6	-	9.6
Gain on disposal of subsidiary company	-	43.1	43.1	-	43.1
Profit / (loss) before tax	214.1	(54.1)	160.0	(7.8)	152.2
Income tax (charge) / credit[2]			(10.4)	3.4	(7.0)
Loss for the year			149.6	(4.4)	145.2
Total assets	566.8	273.9	840.7	4.4	845.1
Total liabilities	(148.5)	(291.0)	(439.5)	(7.7)	(447.2)

[1] Refer to note 2f

[2] 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:

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
Adjusted EBITDA	39.8	127.1	290.8
Depreciation	(63.7)	(68.5)	(72.7)
Net foreign exchange loss	(5.8)	(3.3)	(4.4)
Impairment expense	(256.3)	(0.1)	(21.2)
Exploration write-down	(16.5)	(3.7)	-
Settlement income / (expense)	50.0	-	(56.8)
Restructuring costs	(1.1)	-	(0.3)
Net financing costs	(32.4)	(49.0)	(28.1)
Share of profit of associated undertakings	-	-	9.6
Profit on disposal of associated undertakings	-	-	43.1
(Loss) / profit before tax from continuing operations	(286.0)	2.5	160.0

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

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

Segmental assets are reconciled to total assets as follows:

	Years ended 31 December	
$m	**2015**	**2014**
Assets of Manganese segment	307.9	571.5
Other assets		
- Available-for-sale financial investments	4.6	16.4
- Other property, plant and equipment and intangibles	3.5	48.4

- Other receivables	1.2	1.2
- Deferred tax asset	-	36.4
- Other cash and cash equivalents	41.0	34.1
Total assets per the statement of financial position	358.2	708.0

The Company is domiciled in Jersey. Revenue from external customers from continuing operations generated by Group companies domiciled in Jersey was $256.5 million (2014: $420.4 million).

The total of non-current assets other than financial instruments and deferred tax assets (there are no employee benefit assets and rights arising under insurance contracts located in Jersey) in Jersey is nil (2014: nil).

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is $9.7 million (2014: $246.1 million) and in Ghana is $197 million (2014: $204.6 million).

Segmental liabilities are reconciled to total liabilities as follows:

	Years ended 31 December	
$m	**2015**	**2014**
Liabilities of Manganese segment	(133.7)	(183.8)
Other liabilities		
- Other borrowings	(373.1)	(384.6)
- Other trade and other payables	(6.6)	(12.6)
- Other provisions	(1.9)	(2.2)
Total liabilities per the statement of financial position	(515.3)	(583.2)

8. Revenue

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

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
China	179.7	284.0	496.1
Ukraine*	34.1	55.2	49.0
India	15.8	26.1	10.8
South Korea	12.9	26.6	34.4
Vietnam	8.2	21.5	17.8
Norway	2.6	2.3	3.9
Indonesia	1.9	2.8	-
Slovakia	1.5	2.0	-
USA*	-	-	3.3
Other	-	0.3	3.0
Total revenue by geographic destination from continuing operations	256.7	420.8	618.3
Revenue from discontinued operations	-	4.5	69.4

*Sales to related parties

In 2015 19% of revenues are derived from a single external customer. These revenues are attributable to a non-related party customer and are included in revenue to China. In 2014 12% of revenues were derived from a single external customer who was a related party customer and included in revenue to the Ukraine. In 2013 23% of revenues were derived from a single external customer who was a non-related party and included in revenue to China.

9. Cost of sales

	Years ended 31 December		
$m	**2015**	**2014 (restated)***	**2013 (restated)***
Mining and production expenses**	124.4	171.5	185.7
Depreciation and amortisation	63.1	67.7	72.5
Royalties and other taxes***	18.8	35.6	39.3
Deferred stripping	(36.4)	(37.1)	(21.9)
Net movement in inventories****	17.9	(9.7)	(7.6)
Purchases of ores and ferro-alloys for sale	-	1.6	-
Other	1.0	-	0.2
Total cost of sales from continuing operations	188.8	229.6	268.2
Cost of sales from discontinued operations	-	4.5	58.5

* Prior period comparatives have been restated to reclassify certain costs (refer to note 2f). The adjustments to the cost of sales note for the cost reclassification are outlined below:

$m	Years ended 31 December 2014	2013
Mining and production expenses		
As previously reported	178.3	192.1
Reclassified to selling and distribution costs	(1.7)	(1.7)
Reclassified to general and administration costs	(4.4)	(4.0)
Reclassified to other operating income - net	(0.7)	(0.7)
Amount after reclassification	**171.5**	**185.7**

** Included within mining and production expenses in 2015 are $0.3 million (2014 $nil, 2013 $1.6 million) of restructuring costs relating to the Australian Manganese operations.

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

**** The net movement in inventories expense in 2015 includes a charge of $14 million to reduce the cost of inventory to net realisable value.

10. Selling and distribution expenses

$m	Years ended 31 December 2015	2014 (restated)*	2013 (restated)*
Transportation costs	49.9	81.6	83.3
Bank fees on letters of credit	2.5	1.2	2.7
Duties	2.3	2.2	2.5
Rental of port premises	1.0	1.3	1.3
Personnel costs	0.9	1.0	1.1
Depreciation	0.1	0.1	0.1
Other	2.9	3.9	3.1
Total selling and distribution expenses from continuing operations	59.6	91.3	94.1
Selling and distribution expenses from discontinued operations	-	0.9	19.6

* Prior period comparatives have been restated to reclassify certain costs (refer to note 2f). The adjustments to the selling and distribution expenses note for the cost reclassification are outlined below:

$m	Years ended 31 December 2014	2013
Other		
As previously reported	2.2	1.4
Reclassified from cost of sales – mining and production expenses	1.7	1.7
Amount after reclassification	**3.9**	**3.1**

11. General and administrative expenses

$m	Years ended 31 December 2015	2014 (restated)*	2013 (restated)*
Personnel costs	13.4	15.1	17.3
Consulting and other professional fees	8.6	11.0	8.5
Operating lease rentals	3.2	3.8	3.9
Other	2.8	4.2	2.7
Utilities	2.3	1.8	1.2
Levies and charges	1.2	1.8	1.6
Communication	1.1	1.2	1.3
Travel	0.9	2.1	2.9
Social responsibility costs	0.8	1.4	1.7
Legal	0.8	0.7	2.1

Depreciation	0.5	0.7	0.1
Provision for stock obsolescence	-	(0.7)	-
Total general and administrative expenses from continuing operations	35.6	43.1	43.3
General and administrative expenses from discontinued operations	-	(0.1)	(0.2)

* Prior period comparatives have been restated to reclassify certain costs (refer to note 2f). The adjustments to the cost of sales note for the cost reclassification are outlined below:

	Years ended 31 December	
$m	**2014**	**2013**
Personnel costs		
As previously reported	12.3	14.5
Reclassified from cost of sales	2.8	2.8
Amount after reclassification	**15.1**	**17.3**
Other		
As previously reported	3.1	1.9
Reclassified from cost of sales	1.3	0.9
Amount after reclassification	**4.4**	**2.8**
Utilities		
As previously reported	0.7	0.2
Reclassified from cost of sales	1.1	1.0
Amount after reclassification	**1.8**	**1.2**
Social responsibility costs		
As previously reported	2.1	2.4
Reclassified from cost of sales	(0.7)	(0.7)
Amount after reclassification	**1.4**	**1.7**

12. Other operating income

	Years ended 31 December		
$m	**2015**	**2014 (restated)***	**2013 (restated)***
Other operating income			
Royalty Income**	2.0	-	-
Rental income	1.8	2.1	2.2
Non-mining activities	-	0.2	4.1
Other***	0.2	1.7	0.7
	4.0	4.0	7.0
Other operating expense			
Loss on disposal of property, plant and equipment	(1.1)	(1.4)	(1.2)
Other	(0.6)	(0.8)	(0.7)
	(1.7)	(2.2)	(1.9)
Other operating income – net from continuing operations	2.3	1.8	5.1
Other operating income – net from discontinued operations	-	-	-

* Prior period comparatives have been restated to reclassify certain costs (refer to note 2f). The adjustments to other operating income note for the cost reclassification are outlined below:

	Years ended 31 December	
$m	**2014**	**2013**
Other operating expense - other		
As previously reported	(0.1)	-
Reclassified from cost of sales – mining and production expenses	(0.7)	(0.7)
Amount after reclassification	**(0.8)**	**(0.7)**

**Royalty income from production volumes from nickel assets that were sold by the Group in 2013.

***In 2014 other operating income ‘other’ balance relates mainly to a goods and services tax reclaim in Australia.

13. Settlement income / expense

$m	Years ended 31 December 2015	2014	2013
Settlement income*	50.0	-	-
Settlement expense**	-	-	(56.8)
Settlement income – net from continuing operations	**50.0**	**-**	**(56.8)**
Settlement income – net from discontinued operations	-	-	-

*Settlement income of $50 million in 2015 relates to funds received from Tianyuan Manganese Industry Co. Ltd (TMI) for access to Ghanaian manganese ore. This is considered to be non-recurring and therefore has been treated as exceptional in the calculation of Adjusted EBITDA.

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

14. Net foreign exchange (loss) / gain

$m	Years ended 31 December 2015	2014	2013
Foreign exchange gain	-	-	8.6
Foreign exchange loss	(5.8)	(3.3)	(13.0)
Net foreign exchange loss from continuing operations	(5.8)	(3.3)	(4.4)
Net foreign exchange (loss) / gain from discontinued operations	-	(0.1)	1.2

15. Impairment of Goodwill and Non-current Assets

In accordance with our accounting policy goodwill is tested for impairment at each reporting date and also when there is an indicator of impairment. Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Impairment exists when the recoverable amount of the asset is lower than the amount at which it is carried in the financial statements. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGU)).

For the year ended 31 December 2015 we recorded an impairment expense of $256.3 million (2014: $3.8 million) for non-current assets as summarised in the following table:

$m	Years ended 31 December 2015	2014	2013
Impairment expense			
Impairment of property, plant and equipment	137.6	-	15.4
Impairment of intangible assets	58.5	-	5.0
Impairment expense of available for sale financial assets	64.7	0.1	0.8
Other	(4.5)	-	-
Impairment expense from continuing operations	256.3	0.1	21.2
Impairment expense from discontinuing operations		-	-

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

$m	Years ended 31 December 2015	2014	2013
Manganese	155.4	-	30.3
Other*	100.9	0.1	(9.1)
	256.3	0.1	21.2

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

2015 Impairment Review - Australian Manganese CGU

Indicators of Impairment

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

The significant decrease in our long-term manganese price assumptions are the main indicator that an impairment may exist at 31 December 2015. CRU have halved their price forecast over the 5 year period as a result of price reductions that have materialised during 2015, with the manganese index price commonly referred to down 57% during 2015 to US$1.84/dmtu, as published by Metal Bulletin on 29 January 2016.

Lower pricing can be attributed to stagnating demand across all commodity markets in 2015, especially steel and steel making raw materials, a consequence of slowing growth and tighter credit availability in China, whilst concerns also remain around the strength of the global economic recovery.

Goodwill

The carrying amount of goodwill allocated to the Australia Manganese CGU as at 31 December 2015 is nil having been impaired in full in 2011.

Non-Current Assets

Management have determined that impairment indicators existed as at 31 December 2015 substantially due the decline in the manganese ore price and medium term price forecasts and conducted a review of the recoverable amount of the manganese CGU using the fair value less cost of disposal (FVLCD) methodology. The key factors considered and on which assumptions were made in the calculation include:

- Commodity prices
- Commercially recoverable mineral inventories
- Cash costs of production, capital expenditure, rehabilitation and mine closure costs
- The AUD/USD foreign exchange rate
- Discount rate

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

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

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

Whilst management remains committed to the strategy of maximising the proportion of high grade products produced, the lower yielding characteristics of some of the lower grade ores and consideration of plant beneficiation capacities, has resulted in a reduction in the proportion of high grade production (i.e. products >Mn44%) from 93% prior year to 76% current year.

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

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

The AUD/USD exchange rates are based on bank consensus forecast exchange rates; the real post tax discount rate applied was 6.4% (2014 10.7%) and is based on the weighted average cost of capital ('WACC') as calculated by an independent third party.

Conclusion

The recoverable amount estimated using the FVLCD methodology and assumptions noted above is below the carrying value of the assets with the discounted cashflow providing a negative valuation. As a consequence the Company engaged a third party to conduct an independent market valuation of property, plant and equipment (PP&E) which formed a floor valuation for the CGU.

Mine properties and deferred stripping were written down to nil, whilst PP&E was valued on a Fair Market Value Basis less an 8% cost of disposal based on the independent valuation.

In accordance with IAS36, we have not valued carrying amounts up where the fair market value less cost of disposal for PP&E in the fixed asset register exceeds the 31 December 2015 pre-impairment carrying amount.

Accordingly, an impairment write down of $155.4 million) has been booked at 31 December 2015 for the Australian Manganese CGU under IAS 36 – Impairment of Assets.

Australian Manganese Exploration and Evaluation assets

During the year the group recognised a loss of $17.0 million relating to write-off of capitalised exploration costs associated with the relinquishment of tenements held in Australia to the Department of Mines and Petroleum for areas of interest that have no economic value.

A loss of $3.7 million was recorded as at 31 December 2014 relating to the write-off of manganese exploration and evaluation assets. This was classified as an impairment in the prior year financial statements and has been subsequently reclassified as an exploration write-down.

50% Interest in Pilbara Iron Ore Pty Ltd

The Group has a 50% interest in Pilbara Iron Ore Pty Ltd ("PIO"), whose main assets are mining leases and exploration licences. The tenements do not contain an operating mine and have received limited exploration investment in recent years.

To date there has been no impairment expense booked against the PIO assets due to robust market conditions for iron ore since the acquisition, which had underpinned favourable pricing up until recent years.

Indicators of Impairment
Management identified several key factors impacting the asset, which should be considered in determining whether there are indicators of impairment. Key external factors considered include; global macroeconomic conditions and performance of the steel and iron ore sectors which will ultimately determine the likelihood of production and viability of a future operating mine. Due to the steep fall in the iron ore price, management have determined that impairment indicators existed as at 31 December 2015.

Conclusion
Management believe it is unlikely PIO will commence mining operations at Mindy Mindy in the near future, given current prevailing prices and market forecasts for Iron Ore. Despite this, management believe PIO tenements continue to hold some value.

Management have determined an indicative valuation range based on resource endowment and cash flows derived from a potential start-up operation. The resource endowment considered PIO's latest resource statement completed in 2012 and current market enterprise values per resource tonne for a peer group of Australian iron ore miners, whilst the potential cash flows from a start-up operation were based on latest forecast iron ore prices, AUD/USD exchange rates and estimated operating and capital costs.

Management's impairment assessment resulted in a pre-tax impairment of $36.2 million. The impairment expense was allocated as $0.8 million for PP&E and $35.4 million for intangible assets inclusive of $4.5 million written off against the liability to Fortescue Metals Group.

Ghana Manganese CGU

Goodwill and Non-Current Assets

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

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

The key assumptions used in the FVLCD calculations include:

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

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

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

Specific price assumptions for the Ghana Manganese CGU are determined with reference to current fixed price contracts and using information available in the market after considering the nature of the commodity produced and long-term market expectations.

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

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

The real post-tax discount rate applied was 10.3% (2014: 11.8%) and is based on the weighted average cost of capital ('WACC').

Sensitivity analysis was performed on the impairment review which highlighted that the Ghana Manganese CGU was highly sensitive to changes in sale price and operating costs. Whilst the Directors are confident in the assumptions used in the recoverable amount calculations, adverse changes in the assumptions could result in an impairment charge.

The sensitivity analysis has shown that the following changes in any one of the key assumptions on an isolated basis would result in the recoverable amount equally the carrying value:

	% change in the key assumption which would result in recoverable amount equaling the carrying value
Sales price	5.7%
Operating costs	4.5%

Should there be a significant decline in prices, the Group would take actions to assess the implications on our life of mine plan and the appropriate cost structure for the CGU.

The recoverable amount for the Ghana Manganese CGU supported the carrying value of the assets of that unit including the associated goodwill. Therefore no impairment was required for that CGU as at 31 December 2015 (2014: nil).

Investments in quoted equity shares

The Group determines an impairment loss on its investments in quoted equity shares when there has been a significant or prolonged decline in its fair value below original cost. The Group exercises judgement in determining what is 'significant' or 'prolonged' by evaluating, among other factors, whether the decline is outside the normal range of volatility in the asset's price. The level of impairment loss that the Group recognised in the consolidated statement of comprehensive income is the cumulative loss that had been recognised directly in the available-for-sale investment revaluation reserve in the consolidated statement of changes in equity.

The total amount of impairment loss recognised by the Group in relation to its investments in quoted equity shares is $64.7million, which relates to the Group's interest in OM Holdings Limited. $54.5 million of the impairment relates to revaluation losses from prior periods which have been reclassified from reserves having been previously recognised in other comprehensive income

16. Auditors' remuneration

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

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
Audit services			
Fees payable to Company's auditors for the audit of the consolidated financial statements	0.3	0.3	0.3
Fees payable to Company's auditor for the audit of subsidiary Companies respective financial statements	0.3	0.4	0.4
	0.6	0.7	0.7
Other services			
Fees payable to the Company's auditors and its associates for other services:			
Other services related to taxation	0.1	0.2	0.2
Other services relating to transactions and other consulting services	-	0.2	0.1
	0.1	0.4	0.3
Total auditors' remuneration	0.7	1.1	1.0

17. Employee benefits expense

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
Wages and salaries	56.3	68.7	68.4
Social security costs	0.9	0.9	0.8
Pension costs	3.8	4.8	4.5
Total employee benefits expense from continuing operations	61.0	74.4	73.7
Employee benefits expense from discontinued operations	-	1.4	10.0
Average monthly number of employees during year relating to continuing operations	1,052	1,092	1,051
Average monthly number of employees during year relating to discontinued operations	-	6	54

18. Finance income and costs

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
Finance income			
Bank interest income	0.3	0.9	1.9
Other finance income*	3.6	-	1.8
	3.9	0.9	3.7
Finance costs			
Interest expense on bank borrowings	(0.4)	(0.5)	(0.3)
Interest expense on senior secured notes	(32.8)	(36.2)	(27.4)
Finance lease costs	(0.5)	(0.7)	(0.7)
Unwinding of discount on rehabilitation provision	(1.3)	(1.7)	(1.3)
Other finance costs**	(1.3)	(10.8)	(2.1)
	(36.3)	(49.9)	(31.8)
Net finance costs from continuing operations	(32.4)	(49.0)	(28.1)
Net finance costs from discontinued operations	-	-	(0.1)

*In 2015 'other finance income' of $3.6m relates to the gain recognised on the repurchase of a part of our Senior Secured Notes due 2020.
**In 2014 'other finance costs' of $10.8m relates to the premium paid on the early redemption of the remaining senior secured notes due 2016.

19. Investments in associated undertakings

	As at 31 December		
$m	**2015**	**2014**	**2013**
Cost at 1 January	-	-	65.4
Share of profit for the year	-	-	9.6
Dividends received	-	-	(9.7)
Disposal	-	-	(58.5)
Net foreign currency translation differences	-	-	(6.8)
Net book value at 31 December	-	-	-

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

20. Income tax

Income tax

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

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
Current income tax charge	1.2	8.4	17.9
Deferred income tax charge	31.3	1.4	(7.5)
Tax charge from continuing operations	32.5	9.8	10.4

During the year ended 31 December 2015, the Group's income was subject to taxation in Australia and Ghana. The Company, domiciled in Jersey, is subject to tax at a rate of 0% under the Jersey tax regime. The corporate income tax levied on taxable income less allowable expenses was at the following rates:

Australia – 30% (2014: 30%, 2013: 30%)
Ghana – 35% (2014: 35%), 2013: 35%)

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

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
(Loss) / profit before taxation from continuing operations	(286.0)	2.5	160.0
Statutory tax at the Jersey rate of 0% (2014: 0% , 2013: 0%)	-	-	-
Tax charge / (credit) calculated at the local rates applicable to profits in the country concerned	(81.9)	2.5	13.9
Effect of items not deductible for tax purposes	4.9	6.3	0.1
Current year tax losses not recognisable	7.4	36.6	-
Utilisation of prior year tax losses not previously recognised	-	-	(33.6)
Deferred tax asset not recognised	90.8	(36.2)	30.6
Capital allowances in excess of depreciation	(5.7)	(0.4)	(2.7)
Withholding tax on interest and dividend payments	-	1.2	0.4
Adjustment recognised in the current year in respect of prior period	17.0	(0.4)	-
Other	-	0.2	1.7
Income tax charge from continuing operations	32.5	9.8	10.4

The effective tax rate for the period for continuing operations was -12% (2014: 392%, 2013: 7%). The change in the effective rate is due to changes in the proportion of taxable profits in the jurisdictions in which the Company operates and timing of recognition and de-recognition of deferred tax assets and liabilities. The charge for the year includes the de-recognition of deferred tax assets of $32 million relating to the Australian operations as it is no longer probable that sufficient taxable profit will be available to allow the benefit of that deferred tax asset to be utilised.

As at 31 December 2015 the Group had unused tax losses amounting to $399.1 million (2014: $321.5 million) for which no deferred tax asset has been recognised. These losses are not expected to expire and remain available to the Group to be utilised in the future. The Group also had unused capital losses amounting to $74.2 million (2014: $85.4 million).

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

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
Deferred tax:			
Fair value gains / (losses) on available-for-sale financial investments	0.1	0.1	(0.1)
	0.1	0.1	(0.1)

Recognised deferred tax assets and liabilities

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

$m	Years ended 31 December 2015	2014
Deferred tax assets		
Property, plant and equipment	16.2	8.1
Provisions	78.6	78.7
Investments	15.0	16.7
Carry forward losses	119.7	125.0
Deferred tax asset not recognised	(241.1)	(145.3)
Other	5.8	6.6
Transfer from deferred tax liability	5.8	(53.4)
	-	36.4
Deferred tax liabilities		
Property, plant and equipment	(30.0)	(88.3)
Inventories	0.1	(2.7)
Other	-	(0.3)
Transfer to deferred tax assets	(5.8)	53.4
	(35.7)	(37.9)
Net deferred tax (liabilities) / assets	(35.7)	(1.5)

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

$m	Years ended 31 December 2015	2014
Opening balance 1 January	(1.5)	3.0
Charged to the income statement	(31.3)	(1.4)
Credited to equity	0.1	0.1
Net foreign currency translation differences	(3.0)	(3.2)
Closing balance at 31 December	(35.7)	(1.5)

21. Property, plant and equipment

$m	Owned property, plant and equipment	Leased and hire purchase plant and equipment	Capital work in progress	Mining properties	Other **	Total
Cost at 1 January 2015	246.0	30.4	5.0	894.3	55.4	1,231.1
Additions	6.0	3.1	1.1	3.9	0.3	14.4
Transfers*	1.1	1.5	(2.9)	-	-	(0.3)
Disposals	(5.9)	(3.1)	-		-	(9.0)
Capitalised pre-stripping costs	-	-	-	36.4	-	36.4
Other	(0.1)	-	-	-	(2.5)	(2.6)
Net foreign currency translation differences	(14.0)	(3.2)	-	(73.7)	(2.5)	(93.4)
At 31 December 2015	233.1	28.7	3.2	860.9	50.7	1,176.6
Accumulated depreciation at 1 January 2015	(173.3)	(13.6)	-	(684.8)	(22.8)	(894.5)
Charge for the year	(16.1)	(8.8)	(0.2)	(37.4)	(1.2)	(63.7)
Impairment charge (note 15)	(15.5)	(7.4)	-	(112.5)	(2.2)	(137.6)
Disposals	4.6	3.1	-	-	-	7.7
Net foreign currency translation differences	12.0	1.8	-	64.5	2.0	80.3
At 31 December 2015	(188.3)	(24.9)	(0.2)	(770.2)	(24.2)	(1,007.8)
Net book value at 31 December 2015	44.8	3.8	3.0	90.7	26.5	168.8

* During 2015 assets included within capital work in progress were transferred to intangible assets (see note 22).

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

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

* 'Mining Properties' disposals include a $2.3 million write-down of exploration and evaluation assets which is included in the impairment expense in the consolidated statement of comprehensive income (see note 15).

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

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

22. Intangible assets

Intangible assets comprise of exploration and evaluation assets.

	As at 31 December	
$m	**2015**	**2014**
Cost at 1 January	128.0	128.1
Additions	4.5	9.6
Transfers	0.3	1.7
Acquisitions	-	1.0
Exploration write-off	(23.4)	(1.4)
Net foreign currency translation differences	(12.4)	(11.0)
At 31 December	97.0	128.0
Opening impairment at 1 January	(42.6)	(45.4)
Transfers	-	(1.1)
Exploration write-off	6.9	
Impairment charge (note 15)	(58.5)	-
Net foreign currency translation differences	6.2	3.9
At 31 December	(88.0)	(42.6)
Net book value at 31 December	9.0	85.4

* During 2015 exploration write-off relates to the write-off of capitalised costs associated with tenements relinquished to the Department of Mines and Petroleum by our Australian operations.

23. Goodwill

Goodwill on the statement of financial position at 31 December 2015 and 31 December 2014 relates solely to the Ghanaian Manganese operations (refer to note 15).

24. Inventories

$m	As at 31 December 2015	2014
Current		
Ore stockpiles	25.7	45.6
Consumable stores	19.2	22.7
Other inventories	3.1	3.2
Provision for obsolete and slow moving inventory	(0.3)	(0.9)
Total inventories	47.7	70.6

25. Available-for-sale financial assets

$m	As at 31 December 2015	2014
Equity securities - listed	4.6	16.4

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

$m	Years ended 31 December 2015	2014
At 1 January	16.4	17.8
Impairment charges	(10.2)	(0.1)
Net gains / (losses) transferred to equity	(0.2)	0.1
Net foreign currency translation differences	(1.4)	(1.4)
At 31 December	4.6	16.4

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

At 31 December 2015 there was a decrease in the value of available for sale investments, which was recorded as an impairment expense on the income statement.

26. Trade and other receivables

$m	As at 31 December 2015	2014
Non-current trade and other receivables		
Security deposits	0.1	-
	0.1	-
Current trade and other receivables		
Trade receivables from third parties	6.8	18.7
Trade receivables from related parties	0.2	13.0
Prepayments	6.8	11.0
Value added tax recoverable	3.5	4.5
Other	1.1	1.4
Less provision for impairment of other receivables	(0.4)	-
	18.0	48.6
Total receivables	18.1	48.6

The carrying value of receivables approximates their fair value.

As of 31 December 2015, there were $0.2 million of trade receivables that were past due but not impaired (2014: $8.5 million). The ageing analysis of these trade receivables is detailed in note 37.

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

$m	As at 31 December 2015	2014
US dollar	12.3	41.0
Australian dollar	2.4	3.9
British pound	0.1	0.2
Ghana cedi	3.3	3.5

	18.1	48.6

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

	As at 31 December	
$m	**2015**	**2014**
At 1 January	-	-
Increase in receivables impairment	0.4	-
As at 31 December	0.4	-

27. Cash and cash equivalents

	As at 31 December	
$m	**2015**	**2014**
Cash at bank and in hand	79.0	82.0
Short-term bank deposits	0.1	0.1
Cash and cash equivalents at the end of the year	79.1	82.1
Less: bank overdrafts (see note 28)	(3.2)	(22.6)
Net cash and cash equivalents per the cash flow statement	75.9	59.5

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
$m	**2015**	**2014**
US dollar	68.7	59.2
Australian dollar	6.7	18.7
British Pound	3.2	0.3
Ghana cedi	0.4	3.8
Other currencies	0.1	0.1
	79.1	82.1

Bank overdrafts are denominated in US dollars.

Included in the cash balance at 31 December 2015 is $1.4 million (2014: $1.5 million) pledged in relation to bank guarantees provided to lessors of business premises. Included in the cash balance at 31 December 2014 was $13.5 million which was pledged to secure the issuance of performance bonds to the Department of Mines and Petroleum of Western Australia. The performance bonds have been returned to the Company during 2015 and the related cash balance released.

28. Borrowings

	As at 31 December	
$m	**2015**	**2014**
Non-current		
Senior secured high yield notes	373.1	384.6
Finance lease liabilities – hire purchase loans	7.1	14.3
	380.2	398.9
Current		
Bank overdrafts	3.2	22.6
Finance lease liabilities – hire purchase loans	6.9	7.1
	10.1	29.7
Total borrowings	390.3	428.6

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 and are listed on the Luxembourg Stock Exchange. 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. There have been no breaches of covenants relating to the senior secured notes.

The senior secured notes are stated net of unamortised discount of $6.9 million and unamortised issue costs of $5.6 million. Unamortised discount and issue costs are charged to the statement of comprehensive income over the six year term of the notes.

The fair value of the senior secured notes as at 31 December 2015 is $186 million compared to the book value of $373 million.

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

The carrying value of bank overdrafts and finance lease liabiltiies 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 31 December 2015	2014
Repayable on demand	3.2	22.6
6 months or less	-	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
	3.2	22.6
Borrowings not exposed to changes in interest rates	387.1	406.0
	390.3	428.6

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

$m	As at 31 December 2015	2014
US dollar	390.1	428.1
Australian dollar	0.2	0.5
	390.3	428.6

29. Trade and other payables

$m	As at 31 December 2015	2014
Non-current		
Other payables	1.0	5.9
	1.0	5.9
Current		
Trade payables	7.9	8.5
Accruals	11.6	18.8
Royalties payable	2.8	12.3
Interest payable on senior secured notes	3.8	4.1
Revenue received in advance	1.7	-
Other payables	1.8	2.3
	29.6	46.0
Total trade and other payables	30.6	51.9

30. Provisions

$m	As at 31 December 2015	2014
Non-current		
Employee benefits	1.7	1.8
Rehabilitation*	52.2	56.1
	53.9	57.9
Current		
Employee benefits	4.8	6.9
	4.8	6.9
Total provisions	58.7	64.8

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

Provisions for rehabilitation are measured at the expected value of future cash flows, discounted to their present value using an appropriate discount rate. The discount rate used by the Australian operations is based on the 6 year Australian bond rate (source: Milliman Group of 100) which is in alignment with the expected life of mine. The discount rate used by the Ghanaian operation is based on the 20 year real treasury rate.

Movements in provisions are as follows:

$m	Employee Benefits*	Rehabilitation	Total
Balance at 1 January 2015	8.7	56.1	64.8
Additional provisions recognised	4.2	0.3	4.5
Payments made	(5.5)	(0.3)	(5.8)
Unwinding of discount	-	1.3	1.3
Other	-	(2.6)	(2.6)
Net foreign currency translation differences	(0.9)	(2.6)	(3.5)
As at 31 December 2015	6.5	52.2	58.7

* The employee benefits provision includes annual leave and long service leave provisions for Australian employees.

31. Share capital and share premium

	Number of shares Thousands	Ordinary shares $m	Share premium $m
At 1 January 2015	10,000	10.0	194.7
At 31 December 2015	10,000	10.0	194.7

The total number of authorised shares is ten million ordinary shares (2014: ten million shares) with a par value of $1 per share (2014: $1 per share). All shares are allotted, issued and fully paid, carry one vote per share and carry the right to dividends.

32. Subordinated shareholder loans treated as equity

	As at 31 December	
$m	2015	2014
At 1 January	737.5	966.2
Repayment of shareholder loan	-	(250.0)
Foreign currency translation differences	-	21.3
At 31 December	737.5	737.5

The subordinated shareholder loan is interest free with no fixed date for repayment and is therefore classified as equity.

33. Reserves

$m	Available-for-sale financial assets	Foreign currency translation	Total
Balance at 1 January 2014	(64.2)	37.1	(27.1)
Revaluation – gross	0.1	-	0.1
Revaluation – tax	0.1	-	0.1
Net foreign currency translation differences	5.1	(28.1)	(23.0)
Balance at 31 December 2014	(58.9)	9.0	(49.9)
Revaluation – gross	(0.2)	-	(0.2)
Revaluation – tax	0.1	-	0.1
Reclassified to profit and loss	54.5	-	54.5
Net foreign currency translation differences	4.6	(22.4)	(17.8)
Balance at 31 December 2015	0.1	(13.4)	(13.3)

The Group recorded an other comprehensive cost of $17.8 million net of tax in 2015 compared to a cost of $23.0 million in 2014. The cost in the period was a result of a net foreign currency translation difference due to the relative weakening of the Australian dollar, which decreased 11% against the US dollar in the year and the negative revaluation of available for sale investments. The cost in 2014 was a result of a net foreign currency translation difference due to the relative weakening of the Australian dollar, which decreased 8% against the US dollar in the year.

In 2015 the group recognised an impairment loss on its available-for-sale financial assets as a result of a significant and prolonged decline in its fair value below original cost of its investment in quoted equity shares.

The total amount of impairment loss recognised by the Group in relation to its investments in quoted equity shares is $64.7 million, which relates to the Group's interest in OM Holdings Limited. $54.5 million of the impairment relates to cumulative revaluation losses from prior periods which have been reclassified from reserves having been previously recognised in other comprehensive income, and a further $10 million impairment relating to the current year (refer to note 15).

34. Accumulated losses

$m	As at 31 December 2015	2014
At 1 January	(780.5)	(760.2)
(Loss) / profit for the year	(318.3)	1.0
Net foreign currency translation differences*	-	(21.3)
At 31 December	(1,098.8)	(780.5)

*In 2014 a net foreign currency translation loss was realised on the partial repayment of the subordinated shareholder loan denominated in a foreign currency.

35. Commitments for expenditure

Mining tenement expenditure

Under the terms of tenement licences granted by the Department of Mines and Petroleum of the Western Australian government, minimum annual expenditure obligations must be met in order for mining tenements to maintain a status of good standing. An amount of $3.8 million (2014: $5.5 million) is to be spent each year whilst tenements remain current. This expenditure is required to be expended during the forthcoming year on mining tenements on which the Group has an interest. This expenditure may be subject to variation from time to time in accordance with government regulations.

Capital expenditure commitments

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

$m	Years ended 31 December 2015	2014
Plant and equipment		
Not longer than 1 year	-	0.3

Lease commitments – operating leases

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

$m	Years ended 31 December 2015	2014
Not longer than 1 year	4.2	4.9
Longer than 1 year and not longer than 5 years	2.6	3.7
Longer than 5 years	-	-
Total operating lease commitments	6.8	8.6

Lease commitments – hire purchase loans

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

$m	Years ended 31 December 2015	2014
Not longer than 1 year	7.3	8.2
Longer than 1 year and not longer than 5 years	7.4	14.6
	14.7	22.8
Less: future finance charges	(0.7)	(1.4)
Present value of hire purchase liabilities	14.0	21.4

36. Contingent liabilities

Contingent liability - legal claim

In the ordinary course of business, the Group is subject to legal actions and complaints. As of 31 December 2015 the Group was involved in the following significant legal proceedings:

Consolidated Minerals Pty Limited has a 50% interest in Pilbara Iron Ore Pty Ltd (PIO) which is currently in dispute with a joint venture party (Mr. Derek Ammon) in relation to the transfer to PIO of an 80% interest in a mining tenement. Under the joint venture PIO was required to incur exploration expenditure and provide a feasibility study to earn its 80% interest. The expenditure was incurred and a feasibility study provided, however the joint venture party instituted proceedings in the Warden's Court to prevent a transfer of the 80% interest in the tenement on the basis that the documentation provided did not constitute a feasibility study. In September 2014 the Warden handed down a decision in favour of Mr Ammon. PIO has lodged an appeal in the Supreme Court of Western Australia. The appeal was part heard on 29-30 October 2015 and has been adjourned until 30-31 March 2016.

Other contingent liabilities

- An effect of the Native Title Act 1994 (Commonwealth) is that new mining tenement applications and existing tenements in Australia may be affected by native title claims. The full impact that the legislation and native title claims generally may have on tenements held by the consolidated entity is presently unclear. It is not practical to estimate the potential effect of these claims and no provision has been made. At the date of this report, the Directors are aware of four claims that have been lodged covering an area which encompasses some of the mining tenement interests of the Group (2014: seventeen claims). The claims do not affect the current mining schedule of the Group.

- The company is guarantor to hire purchase and finance lease agreements amounting to $14.0 million entered into by controlled entities used primarily to finance the purchase of the company's mining fleet. Amounts owing under the leases are secured against each relevant leased asset.

- Group entities have pledged $1.4 million (2014: $1.5 million) relating to bank guarantees provided to lessors of business premises. At 31 December 2014 a further $13.5 million was pledged to secure the issuance of performance bonds to the Department of Mines and Petroleum of Western Australia. The performance bonds have been returned to the Company during 2015 and the related cash balance released.

- On 7 January 2008, Palmary Enterprises (Australia) Pty Ltd (now known as Consolidated Minerals Holdings (Australia) Pty Ltd) acquired a controlling interest (i.e. at least 90% interest) in Consolidated Minerals Limited (now known as Consolidated Minerals Pty Limited or CMPL). Also, in 2005 Consolidated Minerals Limited (now known as CMPL) acquired Reliance Mining Limited (now Reliance Mining Pty Limited (Reliance)). The company is in discussions with the Western Australian Office of State Revenue (OSR) with respect to whether 60% (or more) of the value of the assets of CMPL or Reliance at the time of acquisition constituted interests in land and, accordingly, whether stamp duty should be assessed in connection with the acquisition. We contend that in both cases the value of land assets was less than 60% at such time and have received independent assessments advice to such effect, but the OSR may determine otherwise. The OSR has not yet made determinations as to whether stamp duty should be assessed in each case and the company has made no provisions in the accounts in relation to these potential assessments.

37. Financial risk management objectives and policies

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

Commodity price risk

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

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

Fluctuations in commodity prices can have a significant impact on the Group's revenue and earnings. The approximate effect on the pre-tax profit for the year resulting from a 10% movement in manganese commodity prices is $23.8 million (2014: $38.5 million).

Market risk

i) Foreign exchange risk

The functional currency of the Jersey and Ghanaian operations is US dollars and the majority of all revenue and expense of these operations is denominated in US dollars. The group has transactional currency exposures arising from operating expenditure incurred in its Australian operations denominated in Australian dollars as whilst none of the Group's revenue is denominated in Australian dollars, approximately 68% (2014: 74%) of its operating expenditure is. The approximate effect on the pre-tax profit for the year of a 1% change in the AUD/USD rate would be $1.9 million (2014 $2.7 million). The Group does not hedge foreign exchange risk.

ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statement of financial position as available-for-sale financial investments. The approximate effect on the Group's profit before tax for the year resulting from a 10% movement in the price of available-for-sale financial investments is $0.5 million (2014: $1.6 million).

iii) Interest rate risk

The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily deposits and borrowings by changing their future cash flows (variable rate). Management does not have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates. However, at the time of establishing new borrowings management uses its judgment to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity.

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

Credit risk

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

The Group's major exposure to credit risk is in respect of trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, in relation to non-related party sales, partial payments from customers or letters of credit from financial institutions are obtained prior to making international shipments thereby providing an irrevocable payment undertaking from that financial institution with respect to international customer receipts. The Group limits its credit exposure to financial institutions rated with a long term rating of A3 (Moody's Investors Service). At 31 December 2015 the Group had $6.0 million (2014 $18.0 million) of trade receivables guaranteed by letters of credit with such financial institutions.

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

		Past the due date but not impaired					
$m	**Neither impaired or past due**	**Between 1 and 30 days**	**Between 31 and 90 days**	**Between 91 days and 180 days**	**Between 181 days and 365 days**	**More than 1 year**	**Total**
Trade receivables:							
2015	6.8	0.2	-	-	-	-	7.0
2014	23.2	8.2	0.3	-	-	-	31.7

In 2015 the top 2 customers as a proportion of the outstanding balance of the Group's trade receivables accounted for 57% (2014: 62%). Based on historical default rates, the Group believes that no impairment review is necessary in respect of trade receivables not past due by up to 90 days.

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

	Years ended 31 December	
$m	**2015**	**2014**
Trade and other receivables	14.3	44.1
Cash and cash equivalents	79.1	82.1
Total	93.4	126.2

Liquidity risk

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

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

$m	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
At 31 December 2015						
Borrowings	3.2	1.8	32.6	501.0	-	538.6
Trade and other payables	3.7	21.8	4.0	1.0	-	30.5
	6.9	23.6	36.6	502.0	-	569.1
At 31 December 2014						
Borrowings	22.6	2.0	34.0	174.6	416.0	649.2
Trade and other payables	4.3	41.7	-	5.9	-	51.9
	26.9	43.7	34.0	180.5	416.0	701.1

Capital risk management

The Group's total capital is defined as Consolidated Minerals Limited's shareholders' funds plus funds attributable to outside equity shareholders plus net debt, and amounted to $327.2 million at 31 December 2015 (2014: $458.3 million).

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

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

Fair value estimation

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

	As at 31 December 2015		As at 31 December 2014	
$m	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Available-for-sale financial investments	4.6	4.6	16.4	16.4

The following table presents the group's assets that are measured at fair value analysed by valuation method at 31 December 2015.

$m	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial investments	4.6	-	-	4.6

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

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

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

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

38. Subsidiaries

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

			Ownership interest Years ended 31 December	
Name of subsidiary	**Country of incorporation**	**Principal activity**	**2015 %**	**2014 %**
Manganese Trading Ltd	Jersey	Sales and Marketing	100	100
Pilbara Manganese Pty Ltd	Australia	Exploration, mining and processing	100	100
Pilbara Trading Ltd	Jersey	Sales and Marketing	100	100
Stratford Sun Ltd	BVI	Investment	100	100
Ghana Manganese Company Ltd**	Ghana	Exploration, mining and processing	90	90
Pilbara Iron Ore Pty Ltd *	Australia	Exploration, mining and processing	50	50

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

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

	Years ended 31 December		
$m	**2015**	**2014**	**2013**
(Loss) / profit after tax	(1.3)	2.8	17.6
Profit attributable to NCI	**(0.2)**	**0.3**	**1.7**
Current assets	44.5	56.1	50.4
Non-current assets	92.4	97.8	86.6
Current liabilities	(13.0)	(27.9)	(8.4)
Non-current liabilities	(38.8)	(39.7)	(28.2)
Net assets	**85.1**	**86.3**	**100.4**
Net assets attributable to NCI	**8.5**	**8.6**	**10.0**
Cash flows from operating activities	12.4	11.0	42.7
Cash flows from investing activities	(3.7)	(14.6)	(24.1)
Cash flows from financing activities	3.2	(16.8)	(4.6)
Net cash (decrease) / increase in cash and cash equivalents	**11.9**	**(20.4)**	**14.0**
Dividends paid to NCI during the year	**-**	**1.6**	**0.5**

39. Related party transactions

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

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

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

$m	Sales to related parties	Finance income from related parties	Purchases from related parties	Charges from related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
2015	34.1	-	-	-	-	-
2014	55.2	-	-	-	13.0	0.1
Other companies related to the ultimate shareholder						
2015	-	-	3.2	-	0.2	-
2014	-	-	3.2	-	-	-

Trading companies related to the ultimate shareholder

During 2015 and 2014, Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey) traded with other trading companies related to the ultimate shareholder.

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

Finance companies related to the ultimate shareholder

As at 31 December 2015, a related party loan balance of $737.5 million (2014 $737.5 million) was recognised in equity. The loan is interest free with no fixed date for repayment.

Banks related to the ultimate shareholder

During 2015 and 2014, two of the Group's operating bank accounts were held with Privat Bank, in which the ultimate shareholder has an interest. As at 31 December 2015, the balance was less than $0.1 million in current accounts with the bank (2014: $0.1 million).

Other companies related to the ultimate shareholder

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

Directors

The Directors of the Company are:

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

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

Key management personnel

In 2015, the aggregate remuneration in the form of salaries, bonuses and other amounts paid to the members of the Board of Directors and Group Executive Committee was $3.7 million (2014: $4.7 million). All remuneration relates to salaries and related short term benefits.

Ultimate shareholder

The ultimate beneficial shareholder is Mr Gennady Bogolyubov.

40. Events after the statement of financial position date

Operations at Pilbara Manganese Pty Ltd's Woodie Woodie mine were placed into care and maintenance as of 2 February 2016 as a result of unfavourable market conditions with record low manganese pricing. Employee redundancies and employee benefits payments made during the first quarter of 2016 amounted to $10.2 million.

As a result of a review of tenement licences, on 11 March 2016 a number of tenements which were considered to be of low prospectivity were surrendered or, in some cases, partially surrendered. As a consequence, the minimum annual expenditure obligations that must be met in order for mining tenements to maintain a status of good standing have reduced to $2.5 million in 2016, from $3.8 million at 31 December 2015.

The continued weakness and uncertain outlook on pricing for manganese ore, as well costs associated with placing the Woodie Woodie mine on care and maintenance have put further pressure on liquidity with Consmin's net cash and cash equivalents having reduced to US$41 million at 29 February 2016. As a result of the current trading environment and the level and speed of depletion of the Group's cash balances, Consmin 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.

Glossary of Defined Terms

"ASX"	The Australian Securities Exchange, operated by ASX Limited (ABN 98 008 624 691).
"BCM"	Bank cubic meter, being one cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"beneficiation"	The act or process of increasing the concentration of valuable material (e.g., manganese) contained in ore as it naturally occurs in the environment on a per unit basis, and, at the same time, reducing the concentration of some of the non-valuable substances (e.g., iron and silica).
"blending"	A process in which manganese ores of varying grades are mixed together to produce ores or products with an average grade according to the product specification.
"CFR"	International commercial term meaning "Cost and Freight," whereby the quoted price includes all costs and freight to bring the goods to the port of destination from the port of departure, but does not require the seller to procure marine insurance against the risk of loss or damage to the goods during transit.
"CIF"	International commercial term meaning "Cost, Insurance and Freight," whereby the quoted price includes all costs, insurance and freight to bring the goods to the port of destination from the port of departure.
"concession"	A mining concession as defined in the Minerals and Mining Act.
"CRU"	CRU International Limited, a company incorporated in England and Wales with company number 00940750. CRU is an independent business analysis and consultancy group, focused on the mining, metals, power, cables, fertiliser 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 mining corridor. Mining in Greensnake was completed in Q1 2015.
"Guarantor"	Each of GMC, CMAL, Stratford Sun Limited, Consolidated Minerals (Hong Kong) Limited, PTL, MTL, Consolidated Minerals (Belgium) Limited, Consolidated Minerals Holdings (Australia) Pty Limited, CMPL, PMPL, Pilbara Chromite Pty Limited, Pilbara Contracting Pty Limited and Pilbara Trucking Pty Limited.
"high grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "high grade." Our Australian operations consider ore with an average manganese content above 44% to be "high grade." Unless otherwise specified, references to "high grade" are to the definition used by our Australian operations.

"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"JORC"	The Australasian Joint Ore Reserves Committee.
"kBCM"	1,000 bank cubic meters, being 1,000 cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"kt"	Kilo tonne. A unit of weight or capacity equal to 1,000 tonnes.
"low grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "low grade." Our Australian operations consider ore with an average manganese content of less than 44% to be "low grade." Unless otherwise specified, references to "low grade" are to the definition used by our Australian operations.
"LTI"	A work-related injury or illness resulting in the employee or contractor being unable to attend work for a full working day after an injury or illness has occurred.
"lump" or "lump ore"	Manganese ore with the majority of individual particles measuring more than a specified size. While there is no industry standard measurement, the Group specifies ore with particles measuring 6.3 millimeters or more as lump. Chromite ore has lump particle size measuring 6.3 millimeters or more.
"mdmtu"	One million dry metric tonne units.
"Mn"	Chemical symbol for Manganese, based on the periodic table.
"open pit mining"	A method of extracting rock or minerals from the earth by stripping away the top soil and the earth above the rock or minerals creating a pit from which the rock or minerals are removed. This method of mining can be contrasted with mining using extractive methods that require tunneling into the earth (i.e., underground mining).
"ore"	A mineral or an aggregate of minerals (containing valuable constituents, including metals) of sufficient value to be mined or extracted.
"overburden"	The material that lies above the mining area of economic interest, i.e., the rock and soil that lies above a manganese or chromite ore body.
"reductant"	Solid fuel added to a furnace to remove oxygen from the manganese ore fed into the furnace.
"seaborne market"	The part of the manganese ore market that is composed of exported manganese ore.
"Shareholder"	Means Ultimate Beneficial Owner of the Company
"sinter"	The product of sintering.
"sintering"	The process of combining or fusing metals, usually with pressure and temperature, by exposing them to a temperature just below their melting point.
"spot price"	The price at which a physical commodity for immediate sale is selling at a given time and place.
"stripping ratio"	The ratio of the volume of overburden waste material to the volume of ore in an open pit mine. For instance, a stripping ratio of "5" means that five BCM of waste rock must be removed for every one BCM of ore mined.
"sump"	An excavation made in a pit (generally at the lowest point) to collect water, which can then be pumped to the surface or to another sump nearer the surface.
"tailings"	Finely ground waste rock from which the majority of valuable minerals or metals have been extracted.
"tenement"	A mining tenement as defined in the Mining Act.
"Topvar"	An open pit located in the Woodie Woodie mining corridor. Mining in Topvar commenced in Q4 2014.
"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 3,200 square kilometers of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, excluding the Woodie Woodie corridor.