Consolidated Minerals Limited

Financial Results for the three months and six months to 30 June 2017

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

Report for the Second Quarter ending 30 June 2017

24 August 2017

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

Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its quarterly results for the period ended 30 June 2017.

Business Update

- On 22 May 2017 the Company announced that the Tender Offer and Consent Solicitation launched by China Tian Yuan Manganese Limited ("CTYML"), a subsidiary of Ningxia Tianyuan Industry Co.,Ltd. ("TMI") had successfully concluded with holders of 99.94% of the Notes having tendered their Notes and provided their consent to certain amendments to the terms of the Notes. On 25 May 2017 the Company announced that the acquisition of the Company by CTYML had successfully closed with CTYML becoming the 100% legal and beneficial owner of the Company.
- On 15 August 2017 Mr Tianjiang Jia, the ultimate beneficial owner and the Chairman of ConsMin, has announced the plans for a full re-start of the mining operations at the Company's Woodie Woodie manganese mine in Western Australia by October 2017.

Key Highlights

- Total tonnes of manganese ore production for Q2 2017 increased 35% compared to Q2 2016. Australian manganese ore production increased 15% and Ghanaian manganese ore production increased 39% compared to Q2 2016.
- Manganese C1 unit cash cost for Q2 2017 was $1.44/dmtu compared to $1.30/dmtu in Q2 2016, an increase of 11%.
- Total manganese sales tonnes decreased 9% in Q2 2017 compared to Q2 2016. Australian manganese tonnes sold decreased 42% but Ghanaian manganese tonnes sold increased 10%.
- Average manganese FOB sales price achieved increased 17% from $2.41 in Q2 2016 to $2.83 in Q2 2017. Overall, average manganese FOB sales price increased 30% from $1.99 in the first six months of 2016 to $2.59 in the first six months in 2017.
- The quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q2 2017 was $5.58/dmtu, an increase of 84% compared to $3.03/dmtu in Q2 2016 but was down 3% from $5.78/dmtu in Q1 2017.
- Adjusted EBITDA[2] for Q2 2017 was a $5 million, an increase of $2 million from a $3 million in Q2 2016. This increase is principally due to higher revenues as a result of improved pricing. Cash EBITDA for Q2 2017 was a loss of $3 million, decreased $19 million from $16 million profit in Q2 2016.
- The Group recorded a loss for the quarter of $7 million compared to a loss of $11 million in Q2 2016.
- During the quarter the group had an operating cash inflow of $22 million compared to an inflow of $23 million in Q2 2016.
- Cash and cash equivalents net of overdrafts increased in Q2 2017 by $3 million to $43 million on 30 June 2017.
- Total capital expenditure for the group in Q2 2017 was $6 million, 26% higher than in Q2 2016.

Key Performance Indicators

Unaudited	Quarter ended 30 June 2017	30 June 2016	% change	Six months ended 30 June 2017	30 June 2016	% change
Manganese ore produced (dry kt)	756.3	560.7	34.9%	1,570.3	950.4	65.2%
Manganese ore sales (dry kt)	571.6	628.0	(9.0%)	1,440.5	1,118.2	28.8%
Average C1 manganese unit cash cost ($/dmtu)[1]	1.44	1.30	10.8%	1.34	1.52	(11.8%)
Average manganese FOB Sales price ($/dmtu)	2.83	2.41	17.4%	2.59	1.99	30.2%
Revenue ($ million)	46.7	47.5	(1.7%)	105.9	68.9	53.7%
Adjusted EBITDA ($ million)[2]	5.0	2.7	85.2%	23.0	(6.2)	471.0%
'Cash' EBITDA ($ million)[2]	(3.4)	15.6	(121.8%)	14.2	4.4	222.7%
Loss for the period	(7.5)	(11.3)	(33.6%)	(2.7)	(44.5)	(93.9%)

	At 30 June 2017	At 31 Dec 2016	% change
Cash and cash equivalents ($ million)	42.5	40.0	6.3%
Gross debt ($ million)	(414.2)	(414.9)	(0.2%)
Gross debt excluding high yield bonds ($ million)	(5.1)	(7.1)	(28.2%)
Net debt ($ million)	(371.7)	(374.9)	(0.9%)

[1] Average C1 manganese unit cash cost represents the cash cost incurred at each processing stage from mining through to ship loading, 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, Oleg Sheyko (CEO of Consmin) said:

"The acquisition of Consmin by TMI represents the start of an exciting new chapter in the history of the Company. TMI and Consmin are jointly building a strong multinational conglomerate with the ability to develop and grow its production and processing capabilities. Management expect to continue operating Consmin in the interests of all stakeholders and look forward to implementing TMI's growth plans for the Company.

During the quarter Consmin's operational performance improved with a 35% increase in Group production compared to the corresponding period in 2016.This was driven by a 39% increase in Ghanaian ore production following a ramp-up of output to meet the strong demand for this product. Australian ore production also increased by 15% compared with production in the second quarter of 2016 following the decision in November 2016 to process selective stockpiles of low grade ore which commenced in January 2017. Australian production in Q2 2016 was limited as a result of the Company's decision to suspend operations at the Woodie Woodie mine with effect from 2nd February 2016 and commence the transition into care and maintenance.

The manganese C1 unit cash cost for the quarter was $1.44/dmtu, an increase of 11% from $1.30/dmtu for Q2 2016. The Group C1 cash unit cost for Q2 2017 and Q2 2016 relates only to C1 unit costs from Ghana as the Australian mine was on care and maintenance.

The company's manganese ore shipments totalled 572k dry tonnes during Q2 2017, a decrease of 9% compared to Q2 2016. Sales of Ghanaian manganese ore increased by 10% to 442k dry tonnes, compared to 402k dry tonnes in Q2 2016. Shipments of Australian manganese were 130k dry tonnes in Q2 2017, a decrease of 42% compared to Q2 2016 as the Woodie Woodie mine remained on care and maintenance with sales during the Q2 2017 being from the processing of lower grade stockpiles.

The average price for manganese ore (CRU, 44%Mn CIF China) in Q2 2017 was $5.58/dmtu, an increase of 84% from $3.03/dmtu in Q2 2016, but down 4%% from an average of $5.78/dmtu in the previous quarter (Q1 2017). Prices have been more stable in the first half of 2017 as supply increases since early 2016 curtailments have supported by improved steel and alloy markets in China.

Port stocks in China remain a headwind, but are down 19% from the end of Q1 2017. Traders and suppliers have been reluctant to reduce prices substantially due to healthy demand from the alloy sector. However, should steel production and subsequent demand for alloys soften, any liquidation of port stocks by traders could negatively impact manganese ore prices. The company believes that manganese ore prices will be less volatile and trade in a tighter range than experienced in 2016, but there are likely to continue to be falls and rises throughout the remainder of 2017.

The Company ended 2016 with net cash and cash equivalents of $40 million and has maintained liquidity at similar levels during Q2 2017 with net cash and cash equivalents having increased to $43 million at 30 June 2017

On 15 August 2017 Mr Tianjiang Jia, the ultimate beneficial owner and the Chairman of ConsMin, has announced the plans for a full re-start of the mining operations at the Company's Woodie Woodie manganese mine in Western Australia by October 2017."

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

Conference Call

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

Market, Economic and Industry Data

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

Forward looking statements

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

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

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

Marketing Review

Global steel production in Q2 2017 was very strong rising by 3.4% compared to Q2 2016 to 430 million tonnes, and was up 4.3% compared to the previous quarter (Q1 2017). China continued to account for circa 51% of global production in Q2 2017 as production in the country rose by 4.1% compared to the same quarter in the prior year to 218 million tonnes and by 8.7% from the previous quarter. Imports of manganese ore to China in Q2 2017 were 4.8 million tonnes, up 8.3% from Q2 2016, but down 18.9% from the first quarter of 2017, which was an all-time record high quarter for imports. Although down quarter on quarter, Q2 2017 imports still represented a robust quarter of imports (19.1 million tonnes annualised).

The company's manganese ore shipments totalled 572k dry tonnes during Q2 2017, a decrease of 9.0% compared to 628k dry tonnes shipped in Q2 2016. Our shipments of Australian manganese ore were 130k dry tonnes in Q2, a decrease of 42.4% compared to the same period of 2016, due to ongoing care and maintenance of the mine with sales restricted to those from the processing of low grade stockpiles. Sales from Ghana rose by 9.8% to 442k dry tonnes compared to 402k dry tonnes in Q2 2016, resulting in sales for the first half of the year of 1.26 million tonnes (2.53 million tonnes annualised), up 54.3% compared to the 820kt shipped in the first half of 2016.

The quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q2 2017 was $5.58/dmtu, an increase of *84%* year on year from $3.03/dmtu in Q2 2016, but down 3.5% from $5.78/dmtu in the previous quarter (Q1 2017). Prices have been more stable in the first half of 2017 as supply increases since early 2016 curtailments have supported by improved steel and alloy markets in China.

Port stocks in China remain a headwind, having ended Q2 2017 at 2.9 million tonnes (around two months of imports), but are down 19% from the end of Q1, when stocks were 3.6 million tonnes. Traders and suppliers have been reluctant to reduce prices substantially due to healthy demand from the alloy sector. However, should steel production and subsequent demand for alloys soften, any liquidation of port stocks by traders could negatively impact manganese ore prices. This would influence demand for new shipments of imported ore. South African semi-carbonate ore remains the most vulnerable as it represents the highest share of port stocks, roughly 46%. Prices for these ore are already trading at a bigger than usual discount to high-grade ores due to this oversupply.

The company believes that manganese ore prices will be less volatile and trade in a tighter range than experienced in 2016, but there are likely to continue to be falls and rises throughout the remainder of 2017.

Operational Review

	Quarter ended			Six months ended		
Summary Overview (Unaudited)	**30 June 2017**	**30 June 2016**	**% change**	**30 June 2017**	**30 June 2016**	**% change**
Total mined (mBCM)	3.1	1.4	121.4%	5.5	3.3	66.7%
Manganese ore produced (dry kt)	756.3	560.7	34.9%	1,570.3	950.4	65.2%
Australia	*120.7*	*104.9*	*15.1%*	*251.6*	*180.2*	*39.6%*
Ghana	*635.6*	*455.8*	*39.4%*	*1,318.7*	*770.2*	*71.2%*
Manganese ore produced (mdmtu)	21.8	15.0	45.3%	45.0	26.9	67.3%
Australia	*4.2*	*2.8*	*50.0%*	*8.5*	*5.8*	*46.6%*
Ghana	*17.6*	*12.2*	*44.3%*	*36.5*	*21.1*	*73.0%*
Manganese ore sales (dry kt)	571.6	628.0	(9.0%)	1,440.5	1,118.2	28.8%
Australia	*130.1*	*226.0*	*(42.4%)*	*175.6*	*298.4*	*(41.2%)*
Ghana	*441.5*	*402.0*	*9.8%*	*1,264.9*	*819.8*	*54.3%*
Manganese ore sales (mdmtu)	16.5	19.7	(16.2%)	40.9	34.6	18.2%
Australia	*4.3*	*8.5*	*(49.4%)*	*5.9*	*11.8*	*(50.0%)*
Ghana	*12.2*	*11.2*	*8.9%*	*35.0*	*22.8*	*53.5%*
Total capex – including exploration ($ million)	5.8	4.6	26.1%	12.7	6.0	111.7%
Average unit cash cost ($/dmtu)	1.44	1.30	10.8%	1.34	1.52	(11.8%)

Australia: Woodie Woodie

Care and maintenance
Mining operations ceased in early February 2016 with the mine being safely transitioned into care and maintenance. The mine has remained on care and maintenance with no mining activity since then.

Production
Although no mining has taken place since February 2016, in November 2016 a decision was made to process selective stockpiles of low grade ore which commenced in January 2017. Production in Q2 2017 totalled 121k tonnes of manganese ore (4.2 million dmtu). Q2 2017 sales totalled 131k tonnes of manganese ore (4.3 million dmtu).

Capital expenditure
No capital expenditure projects were conducted in Q2 2017.

Exploration
A 1.2km tenement maintenance drilling program has been planned for 2017. Drilling commenced in April 2017.

Ghana: Ghana Manganese Company Limited ('GMC')

Safety
The GMC mine witnessed one Lost Time Injury (LTI) in the Q2 2017, when a GMC employee sustained injuries when falling from a height. GMC has started intensified health and safety training and is also in process of moving to a continuous three shift system that is expected to lead to a reduction in fatigue-related incidents.

Production
Production at GMC totalled 636k dry tonnes of manganese ore (17.6 million dmtu) during the second quarter of 2017, representing a 39% increase in tonnes compared to the same quarter of 2016. In Q2 2017 442k tonnes of Ghanaian manganese ore (12.2 million dmtu) were sold, representing a 10% increase in tonnes compared to the same quarter of 2016.

Capital Expenditure
A total of $4.9 million was spent on capital expenditure projects during the second quarter of 2017, of which US$ 1.5 million was spent on major equipment and $3.4 million on major critical spares and components for the mobile and fixed equipment and departmental investments.

Exploration
During the second quarter of 2017 infill drilling focused on the continued resource development of our main Pit C. No amount was spent on any greenfield exploration activities during Q2 2017.

Projects

Port Development Project:

Maritime Transport and Business Solutions (MTBS), a government-appointed port expansion project consultant, informed the Company during the quarter that the Ministry of Transport and the Ghana Ports & Harbours Authority (GPHA) have jointly decided to continue with the short-listed tender candidate selection procedure in respect of the future Takoradi bulk terminal. It is now expected that by September 2017 a "preferred bidder" will be selected, following which all stakeholders will be invited to share their respective export profiles with the future operator allowing for an optimised wharf and stockpiling infrastructure to be designed. These delays will potentially affect the final completion of the Takoradi port project which is now expected towards the end of 2019.

Pit C-North Development:
Good progress has been made in preparing the resettlement project site for the building construction phase. All contracts with the respective building contractors have been signed. However, due to the heavy rainy season we now anticipate to commence construction activities in August 2017. Although an agreement in principle was reached with GRIDCO to divert and re-route the powerline on our concession, we still await formalisation of the agreement in writing.

Other

Mindy Mindy
Consmin has a significant interest in the Mindy Mindy iron ore tenements through its 50% shareholding in Pilbara Iron Ore Pty Ltd ('PIO'). PIO's claim that it has earned an 80% ownership interest in one of the tenements is subject to court determination. A decision adverse to PIO was handed down in the Warden's Court on 16 September 2014. PIO lodged an appeal in the Supreme Court of Western Australia against the Warden's decision. The hearing of that appeal concluded on 31 March 2016, with the judge reserving his decision. A decision is expected to be handed down during 2017.

OM Holdings Limited ('OM Holdings')
OM Holdings is, primarily, a vertically integrated manganese mining, processing and marketing company listed on the ASX (ticker: OMH). At 30 June 2017, the Company's holding in OM Holdings remained at 8.0%, consistent with 31 December 2016. During the quarter the market value of the Company's holding in OM Holdings increased by $0.9 million to $7.7 million as at 30 June 2017.

People

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

Financial Review

Unaudited Condensed Consolidated Statement of Comprehensive Income

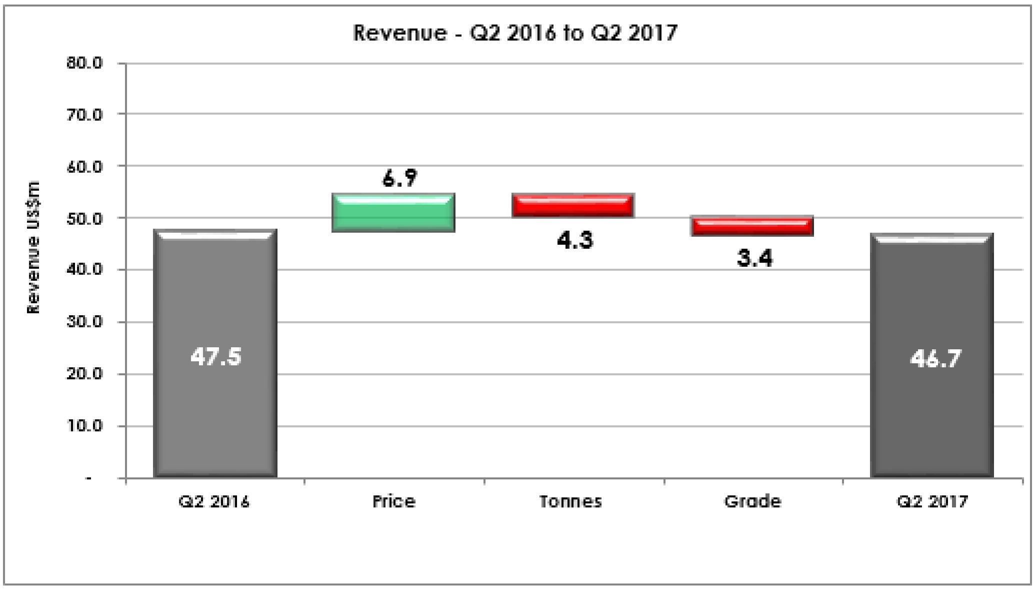
$m	Quarter ended 30 June 2017	Quarter ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Revenue	46.7	47.5	105.9	68.9
Cost of sales	(22.7)	(26.4)	(47.3)	(55.8)
Gross profit	**24.0**	**21.1**	**58.6**	**13.1**
Selling and distribution costs	(12.0)	(10.7)	(23.2)	(16.3)
General and administrative costs	(10.6)	(14.4)	(20.5)	(23.5)
Other operating (expense) / income - net	(0.6)	0.1	(0.3)	0.5
Impairment reversal / (expense) of available-for-sale financial assets	-	1.5	-	(0.9)
Net foreign exchange gain / (loss)	0.4	(0.5)	5.0	0.1
Operating profit / (loss)	**1.2**	**(2.9)**	**19.6**	**(27.0)**
Presented as:				
Adjusted EBITDA	**5.0**	**2.7**	**23.0**	**(6.2)**
Depreciation and amortisation	(4.2)	(3.6)	(8.4)	(6.5)
Impairment reversal / (expense) of available-for-sale financial assets	-	1.5	-	(0.9)
Restructuring costs	-	(3.0)	-	(13.5)
Net foreign exchange gain / (loss)	0.4	(0.5)	5.0	0.1
Operating profit	**1.2**	**(2.9)**	**19.6**	**(27.0)**
Net financing costs	(6.3)	(8.8)	(17.8)	(17.6)
(Loss) / profit before tax	**(5.1)**	**(11.7)**	**1.8**	**(44.6)**
Income tax (charge) / credit	(2.4)	0.4	(4.5)	0.1
Loss for the period	**(7.5)**	**(11.3)**	**(2.7)**	**(44.5)**

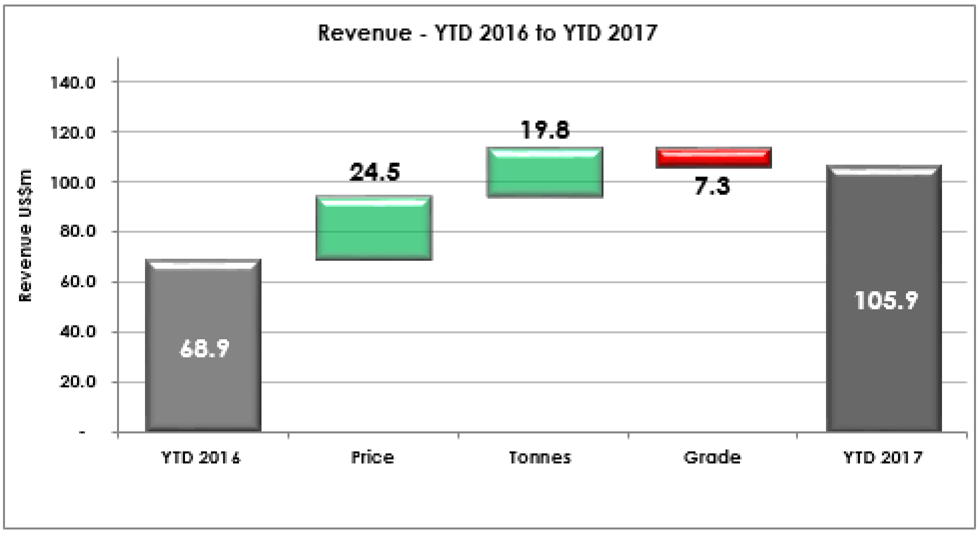
Revenue

The consolidated revenue for the Group decreased by 2% from $47.5 million in Q2 2016 to $46.7 million in Q2 2017 as a result of the combination of lower volume tonnes sold and lower average grade sold, offset by an 17% increase in the average price of our manganese ore sold in Q2 2017 which was $2.83/dmtu FOB, compared to $2.41/dmtu FOB in Q2 2016.

Manganese volumes sold (in tonnes) decreased by 9% in Q2 2017 compared to Q2 2016 with a 42% reduction in Australian sales in tonnes partially offset by 10% increase in Ghanaian sales in tonnes. Manganese volumes sold in dmtus decreased by 16% in Q2 2017, with a 49% reduction in Australian sales in dmtus offset by a 9% increase in Ghanaian sales in dmtus.

The graphs below summarise the decrease in revenue compared to Q2 2016 and increase compared to YTD Q2 2017:





Cost of Sales

The cost of sales for the Group decreased by 14% from $26 million in Q2 2016 to $23 million in Q2 2017. An analysis of the cost of sales is as follows:

	Quarter ended			Six month ended		
$m	**30 June 2017**	**30 June 2016**	**% Movement**	**30 June 2017**	**30 June 2016**	**% Movement**
Mining and production expenses	23.1	7.1	225.4%	41.0	34.2	19.9%
Depreciation and amortisation	4.2	3.2	31.3%	8.4	6.1	37.7%
Royalties and other taxes	3.1	3.2	(3.1%)	5.6	4.9	14.3%
Deferred stripping	(0.8)	0.3	(366.7%)	(1.0)	(0.1)	900.0%
Net movement in inventories	(7.6)	12.6	(160.3%)	(7.8)	10.7	(172.9%)
Other	0.7	-	100.0%	1.1	-	100.0%
Total cost of sales	**22.7**	**26.4**	**(14.0%)**	**47.3**	**55.8**	**(15.2%)**

The principal factors driving this $3 million reduction are as follows:

- A $20 million decreased cost in relation to net movement in inventories resulting from lower sales in the quarter and increased ore production;

  offset by:

- A $16 million increased on cost in relation to mining and production as a result of the increase of mobile maintenance expenses for the Australian fleet, additional equipment hiring in Ghana and 35% increase in manganese ore produced in the quarter;
- An $1 million increased on cost in relation to depreciation and amortisation also resulting from increased production volumes.

The Company uses the 'C1 cash cost' as a measure of average unit cost. The C1 unit cash cost represents the cash cost incurred at each processing stage from mining through to ship loading, divided by the total manganese dmtu produced. The average C1 unit cost of manganese production, on a "fully expensed" mining cost basis, was $1.44 for Q2 2017, an increase of 10.8% from $1.30/dmtu for Q2 2016. The Group C1 cost for Q2 2017 and Q2 2016 relates only to C1 unit costs from Ghana, following Group's decision to place Australian operation on care and maintenance. The increase of Ghanaian C1 cost resulted from additional equipment hiring to meet increasing mine development targets.

Gross Profit

Gross profit for the Group was $24 million in Q2 2017, an increase of $3 million from $21 million in Q2 2016. The gross profit margin has increased from 44% in Q2 2016 to 51% in Q2 2017. The increase in both gross profit and gross profit margin has been driven by increased pricing achieved and by reduced operating costs in Australia following the transition into care and maintenance.

Adjusted EBITDA and Cash EBITDA

Adjusted EBITDA and Cash EBITDA are calculated as follows:

$m	Quarter ended 30 June 2017	Quarter ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Operating profit / (loss)	**1.2**	**(2.9)**	**19.6**	**(27.0)**
Depreciation and amortisation	4.2	3.6	8.4	6.5
Impairment (expense) / reversal of available-for-sale financial assets	-	(1.5)	-	0.9
Restructuring costs	-	3.0	-	13.5
Net foreign exchange (gain) / loss	(0.4)	0.5	(5.0)	(0.1)
Adjusted EBITDA	**5.0**	**2.7**	**23.0**	**(6.2)**
Deferred stripping	(0.8)	0.3	(1.0)	(0.1)
Net movement in inventories	(7.6)	12.6	(7.8)	10.7
'Cash' EBITDA	**(3.4)**	**15.6**	**14.2**	**4.4**

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

Adjusted EBITDA was $5 million in Q2 2017, an increase of $2 million from $3 million in Q2 2016, primarily as a result of the following key movements:

- A $20 million decreased cost in relation to net movement in inventories resulting from lower sales in the quarter and increased ore production

  offset by:

- An increase in mining and production expense by $16 million due to higher production volumes;
- A decrease in revenues of $1 million due to reduced sales volumes;
- A $1 million increase in selling and distribution costs reflecting increased volumes hauled and shipped in Ghana;

Cash EBITDA has decreased by $19 million from $16 million in Q2 2016 to a loss of $3 million in Q2 2017 due to the reasons outlined above for adjusted EBITDA after adjusting for negative net movement in inventories of $20 million and deferred stripping of $1 million.

Other Key Items

Selling and distribution expenses increased by $1 million from $11 million in Q2 2016 to $12 million in Q2 2017. This is primarily a result of 10% increase in volumes shipped from Ghana in the quarter compared to Q2 2016. General and administrative expenses for Q2 2017 decreased by $3 million from $14 million in Q2 2016 to $11 million in Q2 2017 as a result of lower legal and professional costs incurred in Q2 2017.

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 $2.4 million in Q2 2017 compared to a credit of $0.4 million in Q2 2016.

Net financing costs for the quarter were $6 million, which was $3 million lower than in Q2 2016. This resulted from the reversal of over accrued interest expense relating to the change of interest rate on senior secured notes from 10% to 8% following the decision to pay May 2017 interest payment in cash rather than in kind (PIK option).

(Loss) / profit for the Period

The Group has recognised a loss for Q2 2017 of $8 million compared to a loss of $11 million in Q2 2016.

Unaudited Condensed Consolidated Statement of Financial Position

$m	As at 30 June 2017	 31 December 2016
Cash and cash equivalents	42.5	40.0
Other current assets	65.8	61.2
Non-current assets	212.9	211.3
Total assets	321.2	312.5
Current borrowings	(3.7)	(3.6)
Non-current borrowings	(410.5)	(411.3)
Other current liabilities	(62.4)	(45.0)
Other non-current liabilities	(83.7)	(83.7)
Total liabilities	(560.3)	(543.6)
Net Liabilities	**(239.1)**	**(231.1)**

Cash and Cash Equivalents

Cash and cash equivalents at 30 June 2017 were $43 million, an increase of $3 million from $40 million at 31 December 2016.

Guarantor Group

During the six months ended 30 June 2017 the Guarantors of the senior secured notes represented 100% (30 June 2016: 100%) of our consolidated revenues and 7.9% (30 June 2016: 186.9%) of our consolidated EBITDA. As of 30 June 2017 the Guarantors represented 60.9% of our consolidated total assets (30 June 2016: 32.7%). As of 30 June 2017 the non-guarantor subsidiaries have $nil indebtedness outstanding (30 June 2016: $nil). The unrestricted subsidiaries are not significant subsidiaries and therefore not material to the Group. As a result, separate financial details have not been disclosed.

Unaudited Condensed Consolidated Statement of Cash Flows

$m	Quarter ended 30 June 2017	 30 June 2016	Six months ended 30 June 2017	 30 June 2016
Cash inflow / (outflow) from operating activities	22.0	22.7	34.6	(10.5)
Cash outflow from investing activities	(5.1)	(4.4)	(12.0)	(5.7)
Cash outflow from financing activities	(17.5)	(1.5)	(18.4)	(3.3)
Net (decrease) / increase in cash and cash equivalents	**(0.6)**	**16.8**	**4.2**	**(19.5)**
Cash and cash equivalents at the beginning of the period	**43.3**	**39.1**	**40.0**	**75.9**
Exchange losses on cash and cash equivalents	(0.2)	(0.6)	(1.7)	(1.1)
Cash and cash equivalents at the end of the period	**42.5**	**55.3**	**42.5**	**55.3**

Cash Flows and Liquidity

Net cash generated from operating activities amounted to $22 million in Q2 2017, $1 million lower than cash generated in Q2 2016.

The net cash outflow from investing activities was $5 million in Q2 2017 compared to a cash outflow of $4 million in Q2 2016, an increase of $1 million.

The net cash outflow from financing activities was $18 million in Q2 2017 compared to a net cash outflow of $2 million in Q2 2016. Interest was paid in May 2017 on the 2020 notes at the 8% rate whereas in May 2016 cash interest payments were made at 2% with the balance of 8% settled as payment in kind (PIK) interest rather than cash paid.

As a result total cash and cash equivalents net of overdrafts increased to $43 million at 30 June 2017 from $40 million at 31 December 2016.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Report

For the Three Months and Six Months Ended 30 June 2017

Unaudited consolidated statement of comprehensive income for three and six months ended 30 June 2017

$m	Note	Three months ended 30 June 2017	Three months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Revenue	6	46.7	47.5	105.9	68.9
Cost of sales	7	(22.7)	(26.4)	(47.3)	(55.8)
Gross profit		**24.0**	**21.1**	**58.6**	**13.1**
Selling and distribution costs		(12.0)	(10.7)	(23.2)	(16.3)
General and administrative costs		(10.6)	(14.4)	(20.5)	(23.5)
Other operating income – net		(0.6)	0.1	(0.3)	0.5
Impairment reversal / (expense) of available-for-sale financial assets		-	1.5	-	(0.9)
Net foreign exchange (loss) / gain		0.4	(0.5)	5.0	0.1
Operating profit / (loss)		**1.2**	**(2.9)**	**19.6**	**(27.0)**
Presented as:					
Adjusted EBITDA		**5.0**	**2.7**	**23.0**	**(6.2)**
Depreciation and amortisation		(4.2)	(3.6)	(8.4)	(6.5)
Impairment reversal / (expense) of available-for-sale financial assets		-	1.5	-	(0.9)
Restructuring costs		-	(3.0)	-	(13.5)
Net foreign exchange (loss) / gain		0.4	(0.5)	5.0	0.1
Operating profit / (loss)		**1.2**	**(2.9)**	**19.6**	**(27.0)**
Finance income		-	-	-	0.1
Financing costs		(6.3)	(8.8)	(17.8)	(17.7)
Net financing costs		(6.3)	(8.8)	(17.8)	(17.6)
(Loss) / profit before tax		**(5.1)**	**(11.7)**	**1.8**	**(44.6)**
Income tax (charge) / credit		(2.4)	0.4	(4.5)	0.1
Loss for the period		**(7.5)**	**(11.3)**	**(2.7)**	**(44.5)**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Revaluation of available-for-sale financial assets		2.6	-	0.4	0.2
Net foreign currency translation differences		(0.3)	(0.3)	(5.0)	(0.5)
Income tax charge on other comprehensive income		-	-	-	(0.1)
Other comprehensive income / (expense) for the period, net of tax		**2.3**	**(0.3)**	**(4.6)**	**(0.4)**
Total comprehensive expense for the period		**(5.2)**	**(11.6)**	**(7.3)**	**(44.9)**
Loss attributable to:					
Owners of the parent company		(7.9)	(11.3)	(3.8)	(44.5)
Non-controlling interest		0.4	-	1.1	-
Loss for the period		**(7.5)**	**(11.3)**	**(2.7)**	**(44.5)**
Total comprehensive expense attributable to:					
Owners of the parent company		(5.6)	(11.6)	(8.4)	(44.9)
Non-controlling interest		0.4	-	1.1	-
Total comprehensive expense for the period		**(5.2)**	**(11.6)**	**(7.3)**	**(44.9)**

The notes on pages 18 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of financial position as at 30 June 2017

		As at	
$m	**Note**	**30 June 2017**	**31 December 2016**
Non-current assets			
Property, plant and equipment		167.8	167.3
Intangible assets		7.0	6.9
Goodwill		28.9	28.9
Available-for-sale financial assets		7.7	6.8
Investment in associate		1.4	1.3
Trade and other receivable		0.1	0.1
		212.9	**211.3**
Current assets			
Inventories		34.5	24.8
Trade and other receivables		31.3	36.4
Cash and cash equivalents	8	42.5	40.0
		108.3	**101.2**
Current liabilities			
Borrowings	9	(3.7)	(3.6)
Trade and other payables		(56.5)	(35.7)
Provisions		(5.9)	(9.3)
		(66.1)	**(48.6)**
Net current assets		**42.2**	**52.6**
Non-current liabilities			
Borrowings	9	(410.5)	(411.3)
Provisions		(54.0)	(52.1)
Deferred tax liabilities		(29.7)	(31.6)
		(494.2)	**(495.0)**
Net liabilities		**(239.1)**	**(231.1)**
Attributable to the equity shareholders of the parent company			
Share capital		10.0	10.0
Share premium		194.7	194.7
Subordinated shareholder loans treated as equity		737.5	737.5
Reserves		(15.1)	(10.5)
Accumulated losses		(1,179.9)	(1,176.1)
Total equity attributable to equity holders of the parent company		**(252.8)**	**(244.4)**
Non-controlling interests		13.7	13.3
Total equity		**(239.1)**	**(231.1)**

The notes on pages 18 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2017

$m	Share capital	Share premium	Shareholder equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	Attributable to equity owners of the parent Company							
Balance at 1 January 2017	10.0	194.7	737.5	(10.5)	(1,176.1)	(244.4)	13.3	(231.1)
Loss for the period	-	-	-	-	(3.8)	(3.8)	1.1	(2.7)
Revaluation of available-for-sale financial assets	-	-	-	0.4	-	0.4	-	0.4
Foreign currency translation differences	-	-	-	(5.0)	-	(5.0)	-	(5.0)
Dividends	-	-	-	-	-	-	(0.7)	(0.7)
Balance at 30 June 2017	10.0	194.7	737.5	(15.1)	(1,179.9)	(252.8)	13.7	(239.1)

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

The notes on pages 18 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of cash flows for three and six months ended 30 June 2017

		Three months ended 30 June		Six months ended 30 June	
$m	**Note**	**2017**	**2016**	**2017**	**2016**
Cash flow from operating activities					
(Loss) / profit before tax		(5.1)	(11.7)	1.8	(44.6)
Adjustments to add / (deduct) non-cash items:					
Depreciation and amortisation		4.2	3.6	8.4	6.5
Deferred stripping		(0.8)	0.3	(1.0)	(0.1)
Impairment of available-for-sale financial assets		-	(1.5)	-	0.9
Gain on sale of property, plant and equipment		(0.6)	-	(0.6)	-
Net foreign exchange (gain) / loss		(0.4)	0.5	(5.0)	(0.1)
Net financing costs		6.3	8.8	17.8	17.6
Working capital adjustments:					
(Increase) / decrease in inventories		(8.0)	13.2	(9.4)	15.8
Decrease in receivables		14.9	5.7	5.2	2.4
Increase / (decrease) in payables		11.5	3.8	17.8	(8.9)
Net movement in working capital		18.4	22.7	13.6	9.3
Income taxes paid		-	-	(0.4)	-
Net cash generated / (outflow) from operating activities		**22.0**	**22.7**	**34.6**	**(10.5)**
Cash flow from investing activities					
Payments for mineral exploration and evaluation expenditure		-	(1.0)	-	(1.3)
Purchase of property, plant and equipment		(5.8)	(3.6)	(12.7)	(4.7)
Proceeds from sale of property, plant and equipment		0.7	0.2	0.7	0.2
Interest received			-	-	0.1
Net cash outflow from investing activities		**(5.1)**	**(4.4)**	**(12.0)**	**(5.7)**
Cash flow from financing activities					
Interest paid		(16.7)	(0.1)	(16.8)	(0.3)
Repayment of hire purchase borrowings		(0.8)	(1.4)	(1.6)	(3.0)
Net cash outflow from financing activities		**(17.5)**	**(1.5)**	**(18.4)**	**(3.3)**
Net (decrease) / increase in cash and cash equivalents		**(0.6)**	**16.8**	**4.2**	**(19.5)**
Cash and cash equivalents at the beginning of the period	8	43.3	39.1	40.0	75.9
Exchange losses on cash and cash equivalents		(0.2)	(0.6)	(1.7)	(1.1)
Cash and cash equivalents at the end of the period	8	**42.5**	**55.3**	**42.5**	**55.3**

The notes on pages 18 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Notes to the unaudited consolidated interim financial information

1. General information

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

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

2. Basis of preparation of interim report

This condensed consolidated interim financial information for the three and six months ended 30 June 2017 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2016 but comparative information is derived from those accounts. Statutory accounts for 2016 have been filed with the Jersey registrar of companies and the auditors have issued an unqualified audit opinion on these accounts.

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2017 relevant to the Group

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 of adopting IFRS 15 on our consolidated financial statements.

There are no other new or amended accounting standards mandatory for the first time for the financial year beginning 1 January 2017, or new standards and revisions to existing standards that are not yet effective and have not been early adopted that are relevant to the Group other than those disclosed in the Company's statutory accounts for the year ended 31 December 2016.

(b) Comparatives

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

(c) Changes in accounting policies

There have been no material changes in accounting policies since the presentation of the annual report for the year ended 31 December 2016 and all accounting policies have been consistently applied in the preparation of these interim financial statements.

(d) Foreign currency translation

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

Average rates:	Average 3 months to 30 June 2017	Average 6 months to 30 June 2017	Average 3 months to 30 June 2016	Average 6 months to 30 June 2016
Australian dollar	0.7506	0.7546	0.7455	0.7338

Period end rates:	30 June 2017	31 December 2016	30 June 2016
Australian dollar	0.7686	0.7197	0.7441

3. Critical accounting judgments and key sources of estimation uncertainty

There have been no material changes in critical accounting judgements since the presentation of the annual report for the year ended 31 December 2016.

4. Going Concern

The group financial statements for the year ended 31 December 2016 have been prepared on a going concern basis. Analysis of the cash flows during the second quarter of 2017 supports the assumption of the group operating on a going concern basis.

5. Segment analysis

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

The segment information provided for the three and six month periods ended 30 June 2017 and 30 June 2016 is as follows:

Three months ended 30 June 2017	**Manganese**	**Other**	**Total**
$m			
Revenue from external customers	46.7	-	46.7
Cost of goods sold	(22.7)	-	(22.7)
Gross profit	24.0	-	24.0
Adjusted EBITDA	10.5	(5.5)	5.0
Depreciation and amortisation	(4.2)	-	(4.2)
Net foreign exchange gain	0.3	0.1	0.4
Finance expense	(0.4)	(5.9)	(6.3)
Profit / (loss) before tax	6.2	(11.3)	(5.1)
Income tax charge*			(2.4)
Loss for the period			(7.5)

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

Six months ended 30 June 2017

$m	Manganese	Other	Total
Revenue from external customers	105.9	-	105.9
Cost of goods sold	(47.3)	-	(47.3)
Gross profit / (loss)	58.6	-	58.6
Adjusted EBITDA	33.5	(10.5)	23.0
Depreciation and amortisation	(8.4)	-	(8.4)
Net foreign exchange gain	3.9	1.1	5.0
Finance expense	(0.9)	(16.9)	(17.8)
Profit / (loss) before tax	28.1	(26.3)	1.8
Income tax charge*			(4.5)
Profit / for the period			(2.7)

	Manganese	Other	Total
Total assets	304.6	16.6	321.2
Total liabilities	(118.6)	(441.7)	(560.3)

Six months ended 30 June 2016

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

	Manganese	Other	Total
Total assets	287.7	25.2	312.9
Total liabilities	(87.7)	(427.2)	(514.9)

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

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

	Three months ended 30 June		Six months ended 30 June	
$m	**2017**	**2016**	**2017**	**2016**
Adjusted EBITDA	5.0	2.7	23.0	(6.2)
Depreciation and amortisation	(4.2)	(3.6)	(8.4)	(6.5)
Impairment reversal / (expense) of AFS financial assets	-	1.5	-	(0.9)
Restructuring costs	-	(3.0)	-	(13.5)
Net foreign exchange (loss) / gain	0.4	(0.5)	5.0	0.1
Net financing costs	(6.3)	(8.8)	(17.8)	(17.6)
(Loss) / profit before tax	**(5.1)**	**(11.7)**	**1.8**	**(44.6)**

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

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

6. Revenue

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

	Three months ended 30 June		Six months ended 30 June	
$m	**2017**	**2016**	**2017**	**2016**
China	36.5	38.1	79.5	52.5
Ukraine*	10.2	9.0	24.0	14.2
Australia	-	0.4	-	2.2
Vietnam	-	-	2.4	-
Total revenue by geographic destination	**46.7**	**47.5**	**105.9**	**68.9**

*Included within sales to Ukraine in the 6 months to 30 June 2017 are $19.8 million (2016: $14.2 million) representing sales to related parties associated with the previous ultimate shareholder (see Related Party note).

7. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
$m	**2017**	**2016**	**2017**	**2016**
Mining and production expenses	23.1	7.1	41.0	34.2
Depreciation and amortisation	4.2	3.2	8.4	6.1
Royalties and other taxes	3.1	3.2	5.6	4.9
Deferred stripping	(0.8)	0.3	(1.0)	(0.1)
Net movement in inventories	(7.6)	12.6	(7.8)	10.7
Other	0.7	-	1.1	-
Total cost of sales	**22.7**	**26.4**	**47.3**	**55.8**

8. Cash and cash equivalents

$m	**As at 30 June 2017**	**As at 31 December 2016**
Cash at bank and in hand	42.5	40.0
Short-term bank deposits	-	-
Cash and cash equivalents at the end of the year	**42.5**	**40.0**
Less: bank overdrafts (see note 9)	-	-
Net cash and cash equivalents per the cash flow statement	42.5	40.0

9. Borrowings

$m	As at 30 June 2017	As at 31 December 2016
Non-current		
Senior secured high yield notes	409.1	407.8
Finance lease liabilities – hire purchase loans	1.4	3.5
	410.5	411.3
Current		
Finance lease liabilities – hire purchase loans	3.7	3.6
	3.7	3.6
Total borrowings	**414.2**	**414.9**

The senior secured high yield notes are stated net of unamortised restructuring costs of $7.4m.

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

The carrying value of borrowings approximates their fair value.

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

$m	As at 30 June 2017	As at 31 December 2016
Repayable on demand	-	-
6 months or less	-	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
	-	-
Borrowings not exposed to changes in interest rates	414.2	414.9
	414.2	**414.9**

10. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2016 financial information other than those mentioned below:

- Group entities have pledged $1.1m (31 December 2016: $1.4 million) relating to bank guarantees provided to lessors of business premises.

11. Related party transactions

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

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

On 25 May 2017 the Company announced that the acquisition of the Company by CTYML had successfully closed with CTYML becoming the 100% legal and beneficial owner of the Company. As a result transactions with related parties post 25 May 2017 relate to the transactions with the company's current shareholder CTYML and its related parties whilst those pre 25 May 2017 relate to related parties associated with the previous shareholders.

Current ultimate shareholder

$m	Sales to related parties	Purchases from related parties	Finance costs due to related parties	Charges from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies related to the ultimate shareholder						
3 months to 30 June 2017	-	0.8	-	-		
3 months to 30 June 2016	-	-	-	-		
6 months to 30 June 2017	-	0.8	-	-		
6 months to 30 June 2016	-	-	-	-		
At 30 June 2017			4.2		-	421.9
At 31 December 2016			-		-	-

Previous ultimate shareholder

$m	Sales to related parties	Purchases from related parties	Finance costs due to related parties	Charges from related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
3 months to 30 June 2017	6.0	-		-		
3 months to 30 June 2016	9.0	-		-		
6 months to 30 June 2017	19.8	-		-		
6 months to 30 June 2016	14.2	-		-		
At 30 June 2017			-		4.3	0.1
At 31 December 2016			-		22.6	-
Other companies related to the ultimate shareholder						
3 months to 30 June 2017	-	1.1	-	-		
3 months to 30 June 2016	-	0.7	-	-		
6 months to 30 June 2017	-	2.4	-	-		
6 months to 30 June 2016	-	1.5	-	-		
At 30 June 2017					0.3	-
At 31 December 2016					-	0.1

Other companies related to the previous ultimate shareholder

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

12. Events after the reporting period

On 15 August 2017 Mr Tianjiang Jia, the ultimate beneficial owner and the Chairman of ConsMin, announced the plans for a full re-start of the mining operations at the Company's Woodie Woodie manganese mine in Western Australia by October 2017.

Glossary of Defined Terms

"ASX"	The Australian Securities Exchange, operated by ASX Limited (ABN 98 008 624 691).
"BCM"	Bank cubic meter, being one cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"beneficiation"	The act or process of increasing the concentration of valuable material (e.g., manganese) contained in ore as it naturally occurs in the environment on a per unit basis, and, at the same time, reducing the concentration of some of the non-valuable substances (e.g., iron and silica).
"blending"..	A process in which manganese ores of varying grades are mixed together to produce ores or products with an average grade according to the product specification.
"CFR"...	International commercial term meaning "Cost and Freight," whereby the quoted price includes all costs and freight to bring the goods to the port of destination from the port of departure, but does not require the seller to procure marine insurance against the risk of loss or damage to the goods during transit.
"CIF"	International commercial term meaning "Cost, Insurance and Freight," whereby the quoted price includes all costs, insurance and freight to bring the goods to the port of destination from the port of departure.
"concession"..	A mining concession as defined in the Minerals and Mining Act 2006 (Ghana).
"CRU"	CRU International Limited, a company incorporated in England and Wales with company number 00940750. CRU is an independent business analysis and consultancy group, focused on the mining, metals, power, cables, fertilizer and chemical sectors.
"dmtu"	A "dry metric tonne unit," which corresponds to one 10 kilogram unit of manganese. By way of example, the price in $ of a consignment of manganese ore is calculated by multiplying the U.S. dollar per dmtu price by the units of manganese of the ore in that shipment. For instance, if manganese ore with a manganese content of 48% is priced at $5.00/dmtu, the price for three tonnes of such ore will be $720, calculated as follows: 48% × 3,000kg = 1,440 kg of manganese 1,440kg ÷ 10kg = 144 dmtu of manganese 144 dmtu × $5.00 per dmtu = $720
"dry tonne" or "dt"	A tonne, being a metric unit of weight equivalent to 1,000 kilograms, measured excluding the weight of any water content.
"EMM"..	Electrolytic manganese metal.
"Fe"..	Chemical symbol for Iron, based on the periodic table
"ferroalloy"..	A metal product, usually containing iron and other metals, that is commonly used as a raw material feed in steelmaking to add strength or to aid various stages of the steelmaking process such as deoxidisation and desulphurisation. Examples include ferrochrome, ferromanganese and ferrosilicon.
"fines" or "ore fines" or "fine ore".............	Manganese ore with the majority of individual particles measuring less than a specified size. While there is no industry standard measurement, the Group's Australian and Ghanaian operations specify ores with particles measuring between 1 and 12.5 millimeters and less than 25 millimeters, respectively, as fines.
"FOB"...	International commercial term meaning "Free On Board," whereby the quoted price includes all activities needed to deliver the product to the port of departure, with the last cost included in the price being ship loading. As such, it excludes the cost of marine freight transport and insurance as well as unloading and transportation from the arrival port to the final destination.
"Guarantor"	Each of Consolidated Minerals Trading Ltd, Consolidated Minerals Africa Limited, Consolidation Minerals (Australia) Pty Limited, Consolidated Minerals (Belgium) Limited SPRL, Consolidated Minerals Holdings (Australia) Pty Limited, Consolidated Minerals (Hong Kong) Limited, Consolidated Minerals Pty Limited, Manganese Trading Limited, Pilbara Manganese Pty Limited, Pilbara Trading Limited, Pilbara Trucking Pty Limited and Stratford Sun Limited.
"high grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "high grade." Our Australian operations consider ore with an average manganese content above 44% to be "high grade." Unless otherwise specified, references to "high grade" are to the definition used by our Australian operations.

"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"JORC"	The Australasian Joint Ore Reserves Committee.
"JORC Code"	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition).
"kBCM"	1,000 bank cubic meters, being 1,000 cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"kt"	Kilo tonne. A unit of weight or capacity equal to 1,000 tonnes.
"low grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "low grade." Our Australian operations consider ore with an average manganese content of less than 44% to be "low grade." Unless otherwise specified, references to "low grade" are to the definition used by our Australian operations.
"LTI"	A work-related injury or illness resulting in the employee or contractor being unable to attend work for a full working day after an injury or illness has occurred.
"lump" or "lump ore"	Manganese ore with the majority of individual particles measuring more than a specified size. While there is no industry standard measurement, the Group specifies ore with particles measuring 6.3 millimeters or more as lump.
"mdmtu"	One million dry metric tonne units.
"Mn"	Chemical symbol for Manganese, based on the periodic table.
"open pit mining"	A method of extracting rock or minerals from the earth by stripping away the top soil and the earth above the rock or minerals creating a pit from which the rock or minerals are removed. This method of mining can be contrasted with mining using extractive methods that require tunneling into the earth (i.e., underground mining).
"ore"	A mineral or an aggregate of minerals (containing valuable constituents, including metals) of sufficient value to be mined or extracted.
"overburden"	The material that lies above the mining area of economic interest, i.e., the rock and soil that lies above a manganese or chromite ore body.
"reductant"	Solid fuel added to a furnace to remove oxygen from the manganese ore fed into the furnace.
"seaborne market"	The part of the manganese ore market that is composed of exported manganese ore.
"Shareholder"	Means Ultimate Beneficial Owner of the Company
"sinter"	The product of sintering.
"sintering"	The process of combining or fusing metals, usually with pressure and temperature, by exposing them to a temperature just below their melting point.
"spot price"	The price at which a physical commodity for immediate sale is selling at a given time and place.
"stripping ratio"	The ratio of the volume of overburden waste material to the volume of ore in an open pit mine. For instance, a stripping ratio of "5" means that five BCM of waste rock must be removed for every one BCM of ore mined.
"sump"	An excavation made in a pit (generally at the lowest point) to collect water, which can then be pumped to the surface or to another sump nearer the surface.
"tailings"	Finely ground waste rock from which the majority of valuable minerals or metals have been extracted.
"tenement"	A mining tenement as defined in the Mining Act 1978 (Western Australia).
"wet tonne"	A tonne, being a unit of weight equivalent to 1,000 kilograms, measured including the weight of any water content.
"Woodie Woodie corridor"	The approximately 100 square kilometer area inside the Woodie Woodie tenement package within which all of our current Australian manganese mining operations take place.
"Woodie Woodie region"	The approximately 1,250 square kilometers of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, excluding the Woodie Woodie corridor.