

HD Consolidated Minerals Limited - Report for the First Quarter ending 31 March 2014

WC 1,318 words

PD 27 May 2014

SN ENP Newswire

SC ENPNEW

LA English

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Release date - 23052014

Consmin, a leading manganese **ore** producer with **mining operations** in Australia and Ghana, announces its quarterly results for the period ended 31 March 2014.

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Key highlights

Manganese **ore** production for Q1 2014 was 4% higher than in Q1 2013. Australian manganese **ore** production remained the same and Ghana manganese **ore** production increased 7% compared to Q1 2013.

Manganese C1 cash costs improved from \$2.62/dmtu in Q1 2013 to \$2.29/dmtu in Q1 2014 continuing the downward trend seen over the last three years. The reduction in C1 cash costs is due to the phasing of the mine plan, cost reductions in haulage and shiploading, and foreign exchange benefits from the relative weakening of the Australian dollar.

Manganese sales tonnes decreased 16% in Q1 2014 due to adverse weather conditions in Australia delaying haulage, and as a consequence, shipments. In Ghana there were shipping capacity restrictions as a result of the transition to the transshipment arrangements that successfully took place during the quarter. The **Company** expects these volume shortfalls to be fully caught up during the remainder of the year.

Average manganese FOB sales price achieved decreased 4.8% from \$4.84 in Q1 2013 to \$4.61 in Q1 2014.

Average manganese **ore** price for Q1 2014 (CRU, 44%Mn CIF **China**) was \$5.08/dmtu, down 3% from \$5.25/dmtu in Q4 2013. The **Company's** average price for its Australian 46%Mn lump product, CIF **China**, was \$5.67/dmtu in Q1 2014, up 1% from \$5.60/dmtu in Q4 2013.

Adjusted EBITDA for Q1 2014 was \$48 **million**, a decrease of \$5 **million** compared to Q1 2013.

The Group recorded a profit for the period of \$24 **million**, on par with profit in Q1 2013.

During the quarter the **Company** generated positive operating cashflow of \$31 **million**. Cash and cash equivalents increased during the quarter by \$9 **million** to \$229 **million** with net debt falling in the quarter from \$23 **million** at 31 December 2013 to \$3 **million** on 31 March 2014.

During the quarter the **Company** spent \$10 **million** on the repurchase of its **bonds**. On 1 May 2014 the **Company** redeemed \$112.5 **million** of the outstanding \$225.0 **million** notes outstanding. On 12 May 2014, the **Company** issued \$400 **million** in principal amount of 8.0% senior secured notes due 2020. A part of the net proceeds of the issue will be used to repurchase the remaining \$112.5 **million** of 8.875% senior secured notes due 2016.

In July 2013 the **Company** ceased **mining** at its Coobina chromite mine and final sales of chromite **ore** concluded in Q1 2014. Coobina has been reclassified as a discontinued operation in the statement of comprehensive income for Q1 2014 and Q1 2013.

Commenting on the results, David Slater (CFO of Consmin) said: During the first quarter Consmin delivered solid operational and financial performance with EBITDA of \$48 million and a profit after tax of \$24 million.

Manganese sales tonnes decreased 16% in Q1 2014 due to the combination of adverse weather conditions in Australia and the transition to the transhipper arrangements in Ghana that were successfully completed in February 2014.

Volumes of manganese ore produced were 3.5% higher as a result of strong operational performance in Australia and Ghana with manganese C1 cash costs continuing to reduce to \$2.29 per dmtu as a result of phasing of the mine plan, further cost reductions in haulage and shiploading and foreign exchange benefits from the relative weakening of the Australian dollar.'

Download the full First Quarter Report for period ending 31 March 2014 (PDF - 888KB)

About Consolidated Minerals Limited

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

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

For further information, please visit our website www.consmin.com

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Conference Call

There will be a conference call for analysts and bondholders on 23 May 2014 at 1pm BST (British Summer Time).

To access the quarterly results conference call, you must first register in advance on: <http://emea.directeventreg.com/registration/47990837>

Market, Economic and Industry

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

Forward looking statements

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

All forward-looking statements involve a number of risks, uncertainties and other factors. Although Consmin's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Consmin, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements contained in this report.

Factors that could cause or contribute to differences between the actual results, performance and achievements of Consmin include, but are not limited to, political, economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the Australian dollar and US dollar exchange rates), Consmin's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to timely and successfully process its mineral reserves which may or may not occur.

Consmin is also exposed to the risk of trespass, theft and vandalism, changes in its business strategy, as well as risks and hazards associated with the business of mineral exploration, development, **mining** and production. Accordingly, investors should not place reliance on forward looking statements contained in this report.

The forward-looking statements in this report reflect information available at the time of preparing this report. Subject to the requirements of the applicable law, Consmin explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward- looking statements in this report that may occur due to any change in Consmin's expectations or to reflect events or circumstances after the date of this report.

No statements made in this report regarding expectations of future profits are profit forecasts or estimates, and no statements made in this report should be interpreted to mean that Consmin's profits for any future period will necessarily match or exceed the historical published profits of Consmin or any other level.

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AN Document ENPNEW0020140527ea5r0003u