HD **Consolidated Minerals Limited - Annual Report 2013**

WC 1,745 words

PD 2 April 2014

SN ENP Newswire

SC ENPNEW

LA English

LP

Release date - 01042014

Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its annual results for the year ended 31 December 2013.

TD

Key highlights

Adjusted EBITDA for 2013 was $297 million, an increase of $261 million compared to 2012.

Manganese sales tonnes were 23% higher in 2013 compared to 2012, as a result of strong demand for both Australian and Ghanaian ore (an increase of 10% and 35% respectively).

Average manganese FOB sales prices increased from $4.23/dmtu in 2012 to $4.81/dmtu in 2013, an increase of 14%.

Prices for manganese ore (CRU, 44%Mn CIF China) started the year at $5.25/dmtu and rose in each subsequent month before peaking at $5.70/dmtu in June. The price fell to its low point of $5.15/dmtu in September before returning to $5.25/dmtu for each month of Q4 2013; finishing the year where it started. At the start of 2014, prices remained at $5.25/dmtu for January but reduced by $0.05/dmtu to $5.20/dmtu in February.

Manganese ore production for 2013 was 16% higher than 2012. Australian manganese ore production increased 9% and Ghana manganese ore production increased 24%.

Manganese C1 cash costs improved from $3.28/dmtu in 2012 to $2.52/dmtu in 2013 continuing the downward trend seen over the last three years. The reduction in C1 cash costs is due to substantial reductions in mine site costs and foreign exchange benefits from the relative weakening of the Australian dollar

The June 2013 resource and reserves statement shows that total Ghanaian resources have increased 142% and reserves have increased 72% compared to the June 2012 statement. The equivalent comparison for the Australian business shows a 6% increase in resources; however reserves declined 14%.

In July 2013 the Company ceased mining at its Coobina chromite mine with processing of the remaining ore concluding in January 2014. Final sales of chromite ore concluded in Q1 2014.

During the year the Company sold its entire shareholding in BC Iron Limited recognising net proceeds of $102 million and a gain on disposal of $43 million. The proceeds are to be applied in compliance with the Bond indenture which may include capital expenditure or funding of exploration activities. The gain on disposal of BC Iron Limited is categorised as a profit on disposal of an associated undertaking and is not included in Adjusted EBITDA or 'Cash' EBITDA.

Subsequent to the year end 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. This resulted in the recognition of a settlement expense of $57 million in the 2013 statement of comprehensive income.

During the year the Group recognised a net impairment expense of $21.2 million. Of this amount $30.3 million relates to the write off of specific manganese exploration assets offset by an impairment reversal on the sale of the nickel business.

During 2013 the Company spent $128 million on the repurchase of its bonds. Subsequent to the year end the Company spent an additional $10 million repurchasing further bonds. The Company has today confirmed its intention to redeem, in the near future, 50% of the remaining bonds not previously repurchased by the Company.

During the year the group has generated positive operating cashflow of $263 million through increased revenues, cost savings through operational efficiencies and effective working capital management. Cash and cash equivalents increased during the year by $134 million to $220 million with net debt falling during the year from $299 million to $23 million.

The Group recorded a profit for the year of $145 million.

Commenting on the results, David Slater (CFO of Consmin) said: 'During 2013, Consmin delivered exceptional performance from both a financial and operational perspective. Adjusted EBITDA for the year was $297 million, representing a substantial increase over the prior year adjusted EBITDA of $36 million and is a result of increased revenues and cost savings through operational efficiencies.

Volumes of manganese ore produced increased 16% compared to the prior year as a result of strong demand for both Australian and Ghanaian ore (an increase of 8% and 24% respectively). Chromite volumes produced declined by 22% as a result of the decision to cease mining in July 2013.

Manganese C1 cash costs have reduced a further 23% compared to the prior year. C1 cash costs have continued to reduce from a peak of $3.78/dmtu in Q2 2011 to an average of $2.52/dmtu during 2013 as a result of the successful implementation of cost reduction initiatives. C1 cash costs are expected to remain at current levels in 2014.

Both Ghanaian and Australian operations have issued an updated resources and reserves statement during the year based on exploration results as of 30 June 2013. Ghanaian resources have increased 142% and reserves have increased 72% compared to the June 2012 resources and reserves statement. Total Australian resources have increased 6%; however reserves have declined 14% compared to the June 2012 resources and reserves statement.

During the year the Company sold its shareholding in its associate BC Iron realising net cash proceeds of $102 million and a profit of $43 million. Subsequent to the year end the Company reached a settlement with Process Minerals International Pty Limited (PMI) to bring to an end the manganese tailings agreement between the parties and to settle the related legal claims and counter claims. This resulted in the recognition of a settlement expense of $57 million in the 2013 statement of comprehensive income. During the year the Company also spent $128 million on the buy-back of its bonds and a further $10 million after the year end as part of the tender offer.

As a result of these transactions and the continued strong operating cashflows generated by the business the cash position increased to $220 million at the year end from $86 million at the start of the year and net debt reduced to $23 million from $299 million over the same period. This strong liquidity position enables the Group to continue to look at strategic investment opportunities.'

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

Contact:

Mark Camaj Te: +44(0)1534 513 300

Conference Call

There will be a conference call for analysts and bondholders on 31 March 2014 at 1pm BST (British Summer Time).

To access the results conference call, you must first register in advance on: http://emea.directeventreg.com/registration/8806779

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.

[Editorial queries for this story should be sent to newswire@enpublishing.co.uk]

CO valic : Consolidated Minerals Ltd

IN i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS npress : Press Releases | ncat : Content Types

RE ghana : Ghana | austr : Australia | africaz : Africa | apacz : Asia Pacific | ausnz : Australia/Oceania | dvpcoz : Developing Economies | wafrz : West Africa

PUB Electronic News Publishing Ltd.

AN Document ENPNEW0020140402ea420003s