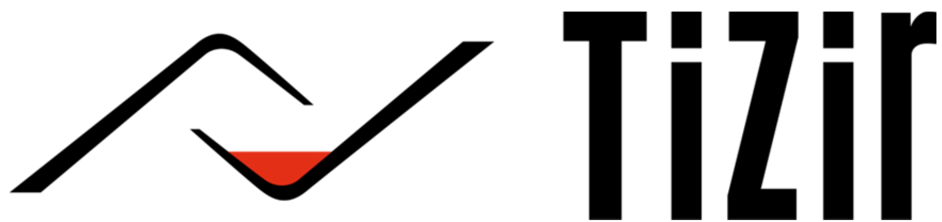


Consolidated Annual Financial Statements of TiZir Limited for the year ended 31 December 2014

Registered N°: 07727671

TABLE OF CONTENTS

Page No.

CORPORATE DATA	**1**
STRATEGIC REPORT	**2**
DIRECTORS' REPORT	**6**
INDEPENDENT AUDITOR'S REPORT	**8**
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME	**10**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**11**
COMPANY STATEMENT OF FINANCIAL POSITION	**12**
CONSOLIDATED STATEMENT OF CASH FLOWS	**13**
COMPANY STATEMENT OF CASH FLOWS	**14**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	**15**
NOTES TO THE FINANCIAL STATEMENTS	**16**
1. GENERAL INFORMATION	16
2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS	16
3. STATEMENT OF COMPLIANCE	16
4. BASIS OF PREPARATION	16
5. USE OF ESTIMATES AND JUDGMENTS	16
6. CHANGES IN ACCOUNTING METHODS, ERRORS AND ESTIMATES	17
7. PRINCIPAL ACCOUNTING POLICIES	17
8. CONSOLIDATION SCOPE	24
9. INTANGIBLE ASSETS	25
10. PROPERTY, PLANT AND EQUIPMENT	26
11. LOANS TO RELATED PARTIES	26
12. INVENTORIES	27
13. TRADE AND OTHER RECEIVABLES	27
14. CASH & CASH EQUIVALENTS	28
15. SHAREHOLDERS' EQUITY	28
16. ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	28
17. DEFERRED TAX	29
18. BORROWINGS	29
19. OTHER NON-CURRENT LIABILITIES	30
20. TRADE AND OTHER PAYABLES	31
21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)	31
22. FINANCIAL INSTRUMENTS	32
23. SALES AND OTHER INCOME	35
24. SEGMENT REPORTING	35
25. SALES BY GEOGRAPHICAL LOCATION	37
26. EMPLOYMENT COSTS	37
27. AUDIT REMUNERATION	37
28. DEPRECIATION, AMORTISATION OF NON-CURRENT ASSETS	37
29. OPERATING ALLOWANCES FOR LOSSES	38
30. OTHER OPERATING INCOME AND EXPENSE	38
31. NET BORROWING COST AND OTHER FINANCIAL ITEMS	38
32. INCOME TAX	39
33. EARNINGS PER SHARE	39
34. COMMITMENTS FOR EXPENDITURE	40
35. CONTINGENT ASSETS AND LIABILITIES	40
36. RELATED PARTY TRANSACTIONS	40
37. COMPANY	41
38. EVENTS AFTER THE BALANCE SHEET DATE	41
39. ULTIMATE CONTROLLING PARTY	41

Directors

N J Limb
L Egeland
M C Ackland
P G Vecten
A Tissidre

Secretary

Norose Company Secretarial Services Limited
3 More London Riverside
London SE1 2AQ

Registered office

3 More London Riverside
London SE1 2AQ
United Kingdom

Business address

Portland House
Bressenden Place
London SW1E 5RS
United Kingdom

Company number

07727671

Auditors

Constantin
25 Hosier Lane
London EC1A 9LQ
United Kingdom

Principal activities and objectives

The principal activities of the Group for the year ended 31 December 2014 were focused on the mineral sands sector through the operation of the Grande Côte mineral sands Operation in Senegal ('GCO') and the TiZir Titanium & Iron ilmenite upgrading facility in Norway ('TTI').

Financial overview

Financial performance for the year was as follows:

	2014 US$M	2013 US$M	Change US$M	Change %
Sales	161.9	201.3	(39.4)	(20)
EBITDA	(2.0)	57.2	(59.2)	(103)
EBIT	(28.0)	23.8	(51.8)	(218)
Underlying net (loss)/profit	(42.4)	28.3	(70.7)	(250)
Impairment of assets acquired on establishment (net of minority interest)	(99.8)	-	(99.8)	(100)
Amortisation of assets recognised on acquisition (after tax)	(3.1)	(13.3)	10.2	77
Reported net (loss)/profit after tax	(145.3)	15.0	(160.3)	(10,687)
Basic and diluted earnings per share	(441.0)	46.5	(487.5)	(10,476)

Operating results

The underlying net loss for the year ended 31 December 2014 was $42.4 million for the year ended 31 December 2014, compared to an underlying net profit of $28.3 million in 2013. The result reflects lower contribution from TTI due to lower titanium slag prices along with operating losses from GCO as mining and production continue to ramp-up.

After recognition of a non-cash impairment charge of $99.8 million (excluding minority interest share of $11.0 million) against TiZir's consolidated assets, and amortisation of assets recognised on acquisition of $3.1 million (after tax), the Company reported a net loss after tax of $145.3 million.

Financial Position

The Statement of Financial Position at 31 December 2014 comprises net assets of $502.2 million (31 December 2013 – $684.4 million) comprising:

- cash balances of $8.4 million (2013 – $11.6 million)
- working capital (being the net of trade and other receivables, inventories and trade and other payables) of $54.2 million (2013 – $17.4 million)
- property, plant & equipment (including capitalised construction costs for Grande Côte) of $802.1 million (31 December 2013 – $740.6 million)
- intangible assets (including mining rights and other identifiable intangible assets recognised on acquisition) of $69.9 million (31 December 2013 – $183.7 million)
- corporate bonds of $279.2 million (2013 – $150.6 million)
- a working capital facility of $9.1 million (2013 – $31.2 million)
- subordinated loans from the joint owners of $131.7 million (2013 – $55.4 million)
- current and deferred tax liabilities of $9.6 million (2013 – $27.9 million)
- other assets and liabilities netting to a liability of $2.8 million (31 December 2013 – net liability of $3.8 million)

Cash flow

Cash balances reduced by $3.2 million during the year ended 31 December 2014 as a result of:

- capital expenditure of $94.6 million
- interest paid to bondholders of $19.1 million
- cash used by operations of $67.5 million (net of interest paid to bondholders of $7.9 million)
- net proceeds from tap issue of corporate bonds of $126.6 million
- subordinated loan contributions from the joint owners of $70.0 million
- working capital facility repayment of $19.4 million (net of other borrowings repayment)
- net other movements of negative $4.0 million.

Business Review

Impairment Review

An impairment review was undertaken as at 31 December 2014 in relation to the Company's two cash-generating units ('CGUs'), TTI and GCO. The basis on which the recoverable amount of each CGU is assessed is its fair value less costs of disposal, using a discounted cash flow financial model. Due to the impact of softening mineral sands market conditions, an impairment loss of $110.8 million (100% basis) was attributed to GCO at 31 December 2014. No impairment was recognised for TTI.

This impairment has largely been applied against the value of mining rights which were recognised by TiZir on its establishment. As a result, the impairment is effectively a non-cash loss arising from the impairment of a non-cash asset.

GCO – Cessation of Capitalisation

In accordance with IAS16, TiZir board and management set the following key performance indicators that provided an indication as to when the operating assets of GCO were operating in a manner intended by management:

- Dredge throughput feed of 4,000 tonnes per hour;
- Wet Concentrator Plant ("WCP") throughput feed of 3,500 tonnes per hour;
- Dredge utilisation over 70%;
- WCP utilisation over 70%;
- Wet Mill of the Mineral Separation Plant ("MSP") operating at design feed rates;
- Ilmenite plant operating at design feed rates; and
- Production of primary finished goods – ilmenite and zircon – ready for sale.

During July 2014, a majority of the above key performance indicators were met meaning that GCO was deemed to be commissioned. As such, capitalisation of expenses ceased on 1 July 2014 and any costs incurred (including interest on external borrowings) after this date have been recognised in the income statement. Further, from an accounting perspective, all capitalised costs incurred during the different phases of development at GCO were deemed to be commissioned and therefore amortisation and depreciation of these costs commenced at the same date.

As a consequence, GCO has reported a loss before interest and tax of $37.9 million during the year.

TiZir Titanium & Iron ilmenite upgrading facility, Norway

Production

Production at TTI was largely in line with expectations for 2014.

Titanium slag volumes were three per cent lower in 2014 compared to 2013, primarily due to shutdown maintenance on the pre-reduction rotary kiln in March 2014. High purity pig iron volumes were also lower in 2014 compared to 2013, consistent with the reduction in slag volumes experienced during the shutdown maintenance as outlined above.

Some Grande Côte ilmenite is now being used in the feed at TTI.

Sales

Sales volumes at TTI were consistent with expectations during 2014.

Titanium slag volumes were 11% lower in 2014 compared to 2013. This reduction is primarily due to lower production volumes, timing of shipments in the 2012 and 2013 years and a concerted effort to build up inventory levels towards the end of the year in preparation for the furnace expansion in the third quarter of 2015. Average pricing for titanium slag decreased in the first and second quarters of 2014 before stabilising throughout the second half of the year.

High purity pig iron volumes were eight per cent lower in 2014 as a result of lower titanium slag production and timing of shipments in the 2012 and 2013 years. Average pricing for high purity pig iron remained consistent throughout the year, with no significant movements on a quarterly basis.

The following table summarises quarterly sales and production volumes for the year ended 31 December 2014:

		1Q	2Q	3Q	4Q	CY	CY
100% Basis		**2014**	**2014**	**2014**	**2014**	**2014**	**2013**
Titanium Slag							
Produced	(kt)	42.0	48.4	45.8	47.5	183.7	190.3
Sold	(kt)	38.4	48.1	43.9	47.8	178.2	197.1
High Purity Pig iron							
Produced	(kt)	23.5	27.4	25.7	26.4	103.0	106.9
Sold	(kt)	29.9	28.3	27.0	20.5	105.7	114.5

Grande Côte Mineral Sands Operation, Senegal

Production

GCO's ramp-up gained momentum throughout the reporting period, with dredging operations commencing in March and processing operations shortly thereafter in June.

Despite some normal commissioning issues in relation to mechanical seals and impellors (both of which have been resolved), ramp-up continues on schedule to achieve nameplate capacity by the third quarter of 2015.

The dredge operated at an average of 51% of capacity throughout the last quarter of 2014, including a December result which represented the best month to date for ore mined.

The ramp-up of the MSP also continues to go well. The Wet Plant and the Ilmenite Circuit of the Dry Plant continue to operate at design feed rates. The Primary Zircon Circuit of the Dry Plant has also been producing premium zircon since start-up in October. GCO achieved its best result to date in December for ilmenite and premium zircon production. The production of ilmenite and zircon has been increasing month-to-month and will continue to increase with the ramp-up of mining and associated increase in heavy mineral concentrate feedstock supply.

Sales

Processing operations commenced in June and after a build of inventory during the following months, GCO's first shipment of approximately 5,000 tonnes of chloride ilmenite left the port of Dakar on 28 August.

Shortly thereafter, approximately 22,000 tonnes of sulphate ilmenite and 1,200 tonnes of containerised zircon were shipped.

In October, GCO completed its first shipment of ilmenite to TTI marking the realisation of a key element of the strategic rationale of integrating GCO and TTI within TiZir.

During the fourth quarter, GCO also completed its first shipments of premium zircon, with feedback from customers indicating that these quality products are meeting or exceeding expectations.

On a revenue basis, shipments to China, Norway and the USA accounted for approximately 58% of total revenue. The remaining shipments primarily relate to customers located in Europe and South America. No one customer accounted for more than 20% of revenue during 2014.

The following table summarises quarterly sales and production volumes for the year ended 31 December 2014:

100% Basis		2Q 2014	3Q 2014	4Q 2014	CY 2014
Mining					
Ore mined	(kt)	2,609	4,717	6,776	14,102
Heavy mineral concentrate produced	(t)	37,240	57,526	89,333	184,099
MSP Production					
Ilmenite	(t)	11,463	47,702	41,425	100,590
Zircon	(t)	-	3,762	5,278	9,040
Rutile & Leucoxene	(t)	-	190	473	663
Sales volume					
Ilmenite	(t)	-	28,074	46,850	74,924
Zircon	(t)	-	1,205	5,848	7,053
Rutile	(t)	-	-	162	162

Summary of key performance indicators

The directors have monitored progress of the Company's overall strategy and individual strategic elements by reference to certain financial and non-financial key performance indicators.

	2014	2013
Production – TTI		
Titanium Slag (kt)	**190.3**	190.3
High purity pig iron (kt)	**106.9**	106.9
Production – GCO		
Zircon (t)	**9,040**	-
Ilmenite (t)	**100,590**	-
Safety		
TTI – frequency rate of injuries with absence (No. per million man hours)	**2.4**	0
GCO – frequency rate of lost time injuries (No. per million man hours)	**0.95**	0.42

TTI recorded its first lost time injury ('LTI') in over 732 days in October 2014. GCO recorded two LTIs during the period. The underlying causes of these LTIs have been identified, recommended corrective actions implemented and necessary retraining undertaken.

Future developments

GCO Ramp-up

Operations at Grande Côte will continue to ramp-up during 2015 with an expectation that full operating capacity will be reached in the third quarter of 2015.

TTI Ilmenite Upgrading Facility – Furnace Refurbishment and Capacity Expansion

During the third quarter of 2015, the electric furnace at TTI is scheduled to be relined and the existing roof will be upgraded with a water-cooled copper-ceramic roof. The upgrade will increase smelting capacity by approximately 15% and lengthen periods between scheduled shutdowns. A number of health & safety and environmental improvements will also be included. The reline is part of the normal maintenance of the furnace, as the furnace lining is subject to extreme temperatures during the smelting process and therefore its integrity deteriorates over time. The current lining has lasted ten years and produced over 1,900,000 tonnes of titanium slag.

The cost of the furnace expansion will be approximately $70-80 million and the plant will be shut down for three months whilst this maintenance is performed.

Strategic Flexibility

The refurbishment and capacity expansion of the furnace is a key part in the strategic vision for TiZir and represents another major step in the evolution of the joint venture. The project will create the flexibility to produce both chloride and sulphate titanium slag within the same furnace, providing the ability to alternate between products as dictated by supply and demand dynamics within the market. Also, the production of chloride titanium slag will be completely supplied by ilmenite produced by GCO, which will both secure supply of ilmenite from within the Group and reduce the exposure of the Company from any reliance on third party sales of ilmenite.

Thus, when the relining of the furnace is completed, TiZir will have the ability to supply a range of titanium feedstock to customers and the flexibility.

Payments of creditors

The company does not adopt a specific code or standard payment policy. However, it is the company's policy to pay its suppliers in accordance with the terms agreed with them, provided that the supplier has met its contractual obligations.

Principal risks and uncertainties

Foreign currency risks: when the exposure arising from borrowings taken out by Group companies in currencies other than their functional currencies is not offset by income in those currencies, the Group may have recourse to hedging (Note 21). In addition, the Group uses derivative financial instruments to limit its exposure to the currency risk on its sales and on certain dollar-denominated costs.

Other financial risks such as credit risk, liquidity risk and cash flow risk are discussed in Note 22 of the financial statements.

By order of the board

Nic Limb
Director

Date: 16 April 2015

Registered office: London

Company registration number: 07727671

The directors present their report and the financial statements of TiZir Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2014.

Directors

The directors who served during the period are as stated below:

N J Limb
L Egeland
M C Ackland
W L Sharp (ceased 15 December 2014)
P G Vecten
A Tissidre

Strategic Report

The following details are disclosed within the Strategic Report:

- the Group's principal activities;
- the Group's financial performance and financial position;
- a review of the Group's business and future developments;
- the Group's financial risk management objectives and policies; and
- the Group's exposure to exchange rate risk, credit risk, and liquidity and cash flow risk.

Events after the balance sheet date

There have not been any significant events since the balance sheet date.

Financial instruments

The Group's financial instruments comprise bonds, working capital facilities, overdrafts and performance guarantees. The principal purpose of these is to raise funds for general corporate purposes. In addition, various other financial instruments such as trade creditors and trade debtors arise from its trade. The use of interest rate swaps and currency swaps will be used to manage interest and currency risk when necessary or material.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Director's Report and the financial statements. The Directors are required to prepare the financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

In the case of International Financial Reporting Standards (IFRS) accounts, International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with IFRS where applicable.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The Directors are also required to:

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

To the best of each Director's knowledge: the financial statements, prepared in accordance with IFRS and contained within this Annual Report and Accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and, the management report, which is incorporated into the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and accordingly the auditors accept no responsibility for the information published. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware,
- the directors have taken all the steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Political contributions

The Company made no political contributions during the year (2013 - Nil).

Auditor

The Company is not obliged to reappoint its auditor annually and Constantin will therefore continue in office.

This report was approved by the Board on 16 April 2015 and signed on its behalf by

Nic Limb
Director

Independent auditor's report to the members of TiZir Limited

We have audited the financial statements of TiZir Limited for the year ended 31 December 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statements, the Consolidated Changes in Equity and the related Notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 and the parent company'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 our audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

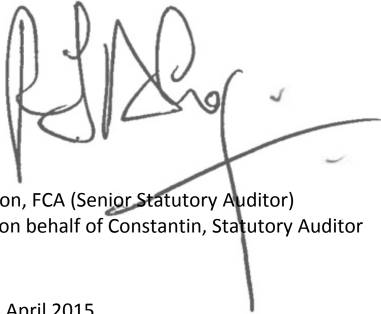
In our opinion, the information given in the Directors' Report and the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of TiZir Limited (cont'd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alex Legon, FCA (Senior Statutory Auditor)
For and on behalf of Constantin, Statutory Auditor

25 Hosier Lane
London
EC1A 9LQ

Date: 16 April 2015

Continuing operations

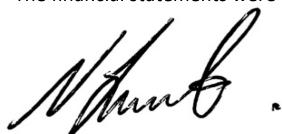
	Note	Year ended 31 Dec 2014 US$'000	31 Dec 2013 US$'000
Sales	23	**161,884**	**201,314**
Other income	23	2,037	13,817
Cost of products sold		(161,619)	(150,478)
Administrative and selling costs		(4,277)	(7,412)
EBITDA for the year		**(1,975)**	**57,241**
Amortisation and depreciation of non-current assets	28	(22,376)	(14,360)
Amortisation of assets recognised on acquisition	28	(3,641)	(19,165)
Operating allowances for losses and contingencies	29	14	41
Current operating (loss) / profit for the year		**(27,978)**	**23,757**
Impairment of mineral rights and mine development expenditure	30	(110,800)	-
Other operating expenses		(1)	-
Operating (loss) / profit for the year		**(138,779)**	**23,757**
Net borrowing costs	31	(16,279)	(682)
Other finance income and expenses	31	(4,690)	1,886
Income tax	32	(899)	(10,805)
(Loss) / Profit for the year		**(160,647)**	**14,156**
Attributable to non-controlling interests	16	15,342	829
(Loss) / Profit for the year attributable to equity holders of the parent		**(145,305)**	**14,985**
Other comprehensive loss			
Translation adjustments for financial statements of subsidiaries in a foreign currency		(21,983)	(12,600)
Change in revaluation reserve for cash flow hedging instruments		677	(6,339)
Change in actuarial gains and losses reserve		-	19
Income tax in relation to movements in cash flow hedging and actuarial gains and losses reserve	32	(183)	1,771
Other comprehensive loss for the year		**(21,489)**	**(17,149)**
Attributable to non-controlling interest		164	222
Other comprehensive loss for the year attributable to equity holders of the parent		**(21,325)**	**(16,927)**
Total comprehensive loss for the year			
Attributable to the consolidated group		(182,136)	(2,993)
Attributable to non-controlling interests		15,506	1,051
Total comprehensive loss for the year attributable to equity holders of the parent		**(166,630)**	**(1,942)**
Earnings per share ($ per share)			
Basic earnings per share	33	(440.99)	46.57
Diluted earnings per share	33	(440.99)	46.57

Notes to the financial statements are included on pages 16 to 41.

	Note	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Assets			
Non-current assets			
Intangible assets	9	69,904	183,685
Property, plant & equipment	10	802,129	740,578
Other non-current financial assets		123	124
Other non-current assets	13	198	263
Total non-current assets		**872,354**	**924,650**
Current assets			
Inventories	12	63,768	46,877
Trade receivables and other current assets	13	31,723	22,315
Cash and cash equivalents	14	8,401	11,552
Total current assets		**103,892**	**80,744**
Total assets		**976,246**	**1,005,394**
Shareholders' equity and liabilities			
Share capital	15	329	329
Share premium	15	621,412	621,412
Cash flow hedging instrument revaluation reserve		(2,156)	(2,650)
Foreign currency translation reserve		(26,949)	(5,130)
Actuarial gains and losses reserve		-	123
Accumulated losses/retained earnings		(81,152)	64,030
Attributable to equity holders of the parent		**511,484**	**678,114**
Attributable to non-controlling interests	16	(9,258)	6,248
Total shareholders' equity		**502,226**	**684,362**
Liabilities			
Non-current liabilities			
Liabilities to employees		-	14
Deferred tax	17	7,907	9,427
Borrowings	18	405,303	234,580
Total non-current liabilities		**413,210**	**244,021**
Current liabilities			
Borrowings	18	14,762	2,755
Trade other payables	20	41,322	51,809
Current tax payables		1,742	18,454
Derivative financial liabilities	21	2,984	3,993
Total current liabilities		**60,810**	**77,011**
Total liabilities		**474,020**	**321,032**
Total shareholders' equity and liabilities		**976,246**	**1,005,394**

Notes to the financial statements are included on pages 16 to 41.

The financial statements were approved by the Board on 16 April 2015 and signed on its behalf by



Nic Limb
Director

Registration number 07727671

	Note	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Assets			
Non-current assets			
Property, plant & equipment		245	365
Investments in subsidiaries	8	899,486	819,136
Loans to related parties	11	79,631	161,801
Total non-current assets		**979,362**	**981,302**
Current assets			
Other current assets		3,613	388
Cash and cash equivalents		7,616	6,359
Total current assets		**11,229**	**6,747**
Total assets		**990,591**	**988,049**
Shareholders' equity and liabilities			
Share capital	15	329	329
Share premium	15	621,412	621,412
Accumulated losses		(79,448)	60,293
Total shareholders' equity		**542,293**	**682,034**
Liabilities			
Non-Current Liabilities			
Borrowings	18	405,303	203,339
Other non-current liabilities	19	34,065	97,664
Total non-current liabilities		**439,368**	**301,003**
Current liabilities			
Borrowings	18	5,636	2,755
Trade payables and other current liabilities		3,294	2,257
Total current liabilities		**8,930**	**5,012**
Total liabilities		**448,298**	**306,015**
Total shareholders' equity and liabilities		**990,591**	**988,049**

Notes to the financial statements are included on pages 16 to 41.

The financial statements were approved by the Board on 16 April 2015 and signed on its behalf by

Nic Limb
Director

Registration number 07727671

	Note	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Operating activities			
(Loss)/profit for the year		**(160,647)**	**14,156**
Elimination of non-cash and non-operating income and expenses:			
- Depreciation, amortisation and provision for impairment		136,803	33,461
- Deferred tax	32	(1,169)	(8,160)
- Loss on asset disposals		(16)	-
- Foreign exchange (gains)/losses		(6,706)	3,319
Cash (used in)/generated by operating activities		**(31,735)**	**42,776**
(Increase)/decrease in inventories		(20,196)	5,628
(Increase)/decrease in trade receivables		(17,277)	44,997
Increase in trade payables		12,704	5,013
Change in other assets and liabilities		(1,364)	15,777
Amortisation of borrowing costs		399	(180)
Interest received		(66)	(108)
Tax paid		(17,828)	(25,574)
Net change in current operation assets and liabilities		**(43,628)**	**45,553**
Net cash (used in)/generated by operating activities		**(75,363)**	**88,329**
Cash flows from investing activities			
Payments for non-current assets		(94,565)	(321,206)
Payment for capitalised interest costs		(11,256)	(13,500)
Proceeds from non-current asset disposals		133	-
Interest received		66	108
Net cash used in investing activities		**(105,622)**	**(334,598)**
Cash flows from financing activities			
Proceeds from issue of shares	15	-	50,000
Proceeds from borrowings		211,148	87,250
Repayment of borrowings		(33,927)	(7,892)
Net change in financial assets and liabilities		(26)	(275)
Net cash generated by financing activities		**177,195**	**129,083**
Net effect of cash held in foreign currency		639	445
Net decrease in cash held		**(3,151)**	**(116,741)**
Opening cash and cash equivalents		**11,552**	**128,293**
Closing cash and cash equivalents	**14**	**8,401**	**11,552**

Notes to the financial statements are included on pages 16 to 41.

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Operating activities		
(Loss)/profit for the year	**(139,741)**	**67,751**
Elimination of non-cash and non-operating income and expenses:		
- Depreciation, amortisation and provision for impairment	134,114	122
- Dividends accrued from associates	(18,000)	(88,558)
- Foreign exchange (gains)/losses	(4,418)	1,563
Cash used in operating activities	**(28,045)**	**(19,122)**
Increase in trade receivables	(316)	(298)
Increase in trade payables	1,032	1,113
Change in other assets and liabilities	4,693	500
Amortisation of borrowing costs	773	761
Interest received	(64)	(108)
Net change in current operation assets and liabilities	**6,118**	**1,968**
Net cash used in operating activities	**(21,927)**	**(17,154)**
Cash flows from investing activities		
Payments for non-current assets	(2)	(6)
Interest received	64	108
Payments to subsidiaries	(173,350)	(193,001)
Net cash used in investing activities	**(173,288)**	**(192,899)**
Cash flows from financing activities		
Proceeds from issue of shares	-	50,000
Proceeds from borrowings	200,320	55,000
Payment of borrowing costs	(3,745)	(275)
Net cash generated by financing activities	**196,575**	**104,725**
Net effect of cash held in foreign currency	(103)	426
Net increase/(decrease) in cash held	**1,257**	**(104,902)**
Opening cash and cash equivalents	**6,359**	**111,261**
Closing cash and cash equivalents	**7,616**	**6,359**

Notes to the financial statements are included on pages 16 to 41.

	Number of shares	Share capital US$'000	Share premium US$'000	Cash flow hedging reserve US$'000	Foreign currency translation reserve US$'000	Actuarial gains and losses reserve US$'000	Retained earnings US$'000	Attributable to equity holders of parent US$'000	Attributable to non-controlling interests US$'000	Total shareholders' equity US$'000
Shareholders' equity at 1 January 2013	**303,000**	**303**	**571,438**	**1,914**	**7,248**	**108**	**49,045**	**630,056**	**7,299**	**637,355**
Profit / (loss) for the year ended 31 December 2013	-	-	-	-	-	-	14,985	14,985	(829)	14,156
Exchange differences on translation of foreign subsidiaries	-	-	-	-	(12,374)	-	-	(12,374)	(222)	(12,596)
Change in hedging instruments revaluation reserve	-	-	-	(4,564)	-	-	-	(4,564)	-	(4,564)
Change in actuarial gains and losses reserve	-	-	-	-	(4)	15	-	11	-	11
Other components of comprehensive income/(loss)	-	-	-	(4,564)	(12,378)	15	-	(16,927)	(222)	(17,149)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(4,564)**	**(12,378)**	**15**	**14,985**	**(1,942)**	**(1,051)**	**(2,993)**
Proceeds from share capital increases	26,500	26	49,974	-	-	-	-	50,000	-	50,000
Total transactions with shareholders	26,500	26	49,974	-	-	-	-	50,000	-	50,000
Shareholders' equity at 31 December 2013	**329,500**	**329**	**621,412**	**(2,650)**	**(5,130)**	**123**	**64,030**	**678,114**	**6,248**	**684,362**
Shareholders' equity at 1 January 2014	**329,500**	**329**	**621,412**	**(2,650)**	**(5,130)**	**123**	**64,030**	**678,114**	**6,248**	**684,362**
Loss for the year ended 31 December 2014	-	-	-	-	-	-	(145,305)	(145,305)	(15,342)	(160,647)
Exchange differences on translation of foreign subsidiaries	-	-	-	579	(21,819)	-	-	(21,240)	(164)	(21,404)
Change in hedging instruments revaluation reserve	-	-	-	(85)	-	-	-	(85)	-	(85)
Change in actuarial gains and losses reserve	-	-	-	-	-	(123)	123	-	-	-
Other components of comprehensive income/(loss)	-	-	-	494	(21,819)	(123)	123	(21,325)	(164)	(21,489)
Total comprehensive income/(loss)	**-**	**-**	**-**	**494**	**(21,819)**	**(123)**	**(145,182)**	**(166,630)**	**(15,506)**	**(182,136)**
Shareholders' equity at 31 December 2014	**329,500**	**329**	**621,412**	**(2,156)**	(26,949)	**-**	**(81,152)**	**511,484**	**(9,258)**	**502,226**

Notes to the financial statements are included on pages 16 to 41.

1. GENERAL INFORMATION

TiZir Limited (the 'Company') is a limited company incorporated in United Kingdom. The parent entities of the Company are MDL (Mining) Limited and Eralloys Holding AS. The addresses of its registered office and principal places of business are disclosed in the Directors' Report. The subsidiaries of the Company which comprise the consolidated group (the 'Group') are described in Note 8.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board ('IASB') and International Financial Reporting Interpretations Committee ('IFRIC') have issued the following standards and amendments or interpretations to existing standards that were effective and applied by the Group.

Standard	Description	Impact
Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities	Issued as part of IASB's offsetting project, amendments clarify certain items regarding offsetting financial assets and financial liabilities.	Adopted retrospectively effective January 1, 2014 with no change to these consolidated financial statements.
Amendments to IAS 36, Recoverable Amount Disclosures for Non- Financial Assets	Amendments were issued that clarify disclosure requirements for the recoverable amount of an asset or CGU.	Adopted retrospectively effective January 1, 2014 with no change to these consolidated financial statements.
IFRIC 21, Levies	Provides guidance on when to recognise a liability for a levy imposed by a government.	Adopted retrospectively effective January 1, 2014 with no change to these consolidated financial statements.
Amendments to IAS 19 - Employee Benefits	Issued to simplify the accounting for employee or third-party contributions to defined benefit plans that are independent of the number of years of employee service.	Adopted retrospectively effective July 1, 2014 with no change to these consolidated financial statements.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union, effective for the year ended 31 December 2014.

4. BASIS OF PREPARATION

The consolidated financial statements are presented in United States dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand except where otherwise indicated.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The accounting policies in Note 7 have been applied in preparing the consolidated financial statements.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the date of the financial statements. Actual outcomes could differ from these estimates.

The below are the most critical judgements, estimates and assumptions:

5.1 Impairment testing

The Group assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes

estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash-generating units as being an individual mine site or operating segment, which is the lowest level for which cash flows are largely independent of other assets.

5.2 Environmental rehabilitation costs

The provisions for rehabilitation costs are based on estimated future costs using information available at the balance sheet date. These provisions are estimated on the basis of forecast cash flows by maturity and discounted using inflation and discount rates determined in accordance with local economic conditions. To the extent the actual costs differ from these estimates, adjustments will be recognised which may impact the Group's income statement.

5.3 Deferred tax

Deferred tax assets recognised primarily relate to deductible temporary differences and tax losses carried forward in accordance with IAS 12. These deferred tax assets are recognised whenever it is likely that the Group will have sufficient future taxable profit to absorb these timing differences and tax losses. The estimate of the Group's capacity to recover recognised deferred-tax assets is based in particular on the earnings forecasts drawn up by each tax entity. Further information on the Group's deferred tax balances is included in Note 17.

6. CHANGES IN ACCOUNTING METHODS, ERRORS AND ESTIMATES

A change in accounting methods is only applied where required under a standard or interpretation and where it provides for more reliable and more pertinent information. Accounting changes are applied retrospectively, except in the event of transitory provisions specific to the standard or interpretation. The financial statements affected by a change in accounting method are adjusted for all the periods presented, as though the new method had always been applied.

Once an error is detected, it is likewise adjusted retrospectively.

Changes to estimates are recognised prospectively; they affect the financial year in which they arise and, as the case may be, future financial years.

7. PRINCIPAL ACCOUNTING POLICIES

7.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (and its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss and Other Comprehensive Income from the effective date the Company gains control until the date when the Company ceases to control the subsidiary.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A list of subsidiaries is contained in Note 8 to the financial statements. All controlled entities have a December financial year-end. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Scope and method of consolidation

All material entities that TiZir exclusively controls either directly or indirectly are fully consolidated. The list of consolidated companies is provided in Note 8. Material transactions between consolidated companies are eliminated on consolidation.

7.2 Foreign currency transactions and financial statements

Financial statements of subsidiaries are maintained in their functional currencies and converted to US dollars for consolidation of the Group results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity.

Foreign currency transactions are translated at the applicable exchange rate at the time of the transaction. Foreign currency debts and receivables are measured at the closing rate under IAS 21 – The Effects of Changes in Foreign Exchange Rates. Translation adjustments resulting from this translation are recognised in income (Note 31), except those involving loans and borrowings between Group companies considered an integral part of the net investment in a foreign subsidiary. These are recognised directly in shareholders' equity under the "Translation adjustments" heading and linked to the foreign subsidiary.

The financial statements of foreign entities with functional currencies other than the US dollars are translated using the official exchange rates at the end of the period for balance sheet items, except for shareholders' equity, for which historical rates are applied. The items in the comprehensive income statement and the cash flow statement are translated at the average exchange rates for the period. Goodwill arising from an acquisition is considered part of the acquired entity and therefore denominated in its functional currency; it is then translated in the same way as the other balance sheet items. Translation adjustments stemming from currency fluctuations used to translate shareholders' equity and profit for the period are allocated to reserves. Translation adjustments are carried as a change to shareholders' equity and broken down between Group and non-controlling interests. Where a foreign subsidiary ceases to be consolidated, the cumulative amount of translation adjustments is recognised in the income statement under "Other financial income and expenses".

7.3 Presentation currency

As permitted by UK company law, the Group's financial statements are presented in US dollars, the currency in which its business is primarily conducted.

7.4 Business combinations

The Group recognises business combinations using the purchase method. The assets, liabilities and contingent liabilities of an acquired company are measured at their fair value and valuation differences are charged to the relevant assets and liabilities, including the share of non-controlling interests. Any difference between the cost of the business combination and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities is recognised as goodwill under balance sheet assets.

When the Group acquires assets and liabilities from non-controlling interests in a company already controlled, no additional fair value adjustment is recognised and the difference between the purchase price and carrying amount of the net assets acquired is recognised in equity.

7.5 Goodwill

The cost of a business combination recognised when taking an interest is allocated to the fair value of the assets, liabilities and identifiable contingent liabilities of the acquired entity. The residual, unassigned part is recognised as "Goodwill" under balance sheet assets. Any resulting goodwill is allocated to the relevant cash generating units (CGU). Goodwill is not amortised under IFRS 3 - Business combinations, but is instead subject to an impairment test to detect any impairment loss. Goodwill is impairment-tested at least once a year at the annual balance sheet date. These impairment losses are not reversible.

If the cost of the business combination is less than the share in the net fair value of the assets, liabilities and contingent liabilities, the identification and measurement of the items acquired are reassessed and any remaining surplus is recognised directly in income for the period under "Other operating income and expenses".

7.6 "Current" and "non-current" assets and liabilities

"Current" refers to assets and liabilities that are part of the operating cycle, regardless of their maturity, and other assets and liabilities with a maturity of less than one year from their balance sheet entry date. "Non-current" assets and liabilities comprise other assets and liabilities, namely those with maturities of over one year that are not part of the operating cycle.

7.7 Intangible assets

Intangible assets are measured at acquisition cost or, in the case of contracts with suppliers acquired through a business combination, fair value on the date of acquisition. Computer software is amortised over a variable period not exceeding five years.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Other intangible assets	2 – 20 years

Intangible assets are allocated to cash generating units (CGUs). When the net carrying amount of an intangible asset exceeds its recoverable amount, an impairment loss is recognised.

7.8 Mine development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis during ramp-up and straight line thereafter.

7.9 Property, plant, and equipment

Items of property, plant and equipment are recognised in the balance sheet at acquisition or production cost. Items of property, plant and equipment are depreciated on a straight-line basis or units of usage method over the estimated lifespan or useful life, based on the components of the asset, in current operating profit (loss). For reference:

Buildings	10 – 50 years
Industrial and mining facilities	5 – 50 years
Land is not depreciated.	

Capital grants are recognised as deductions from the gross amounts of the items of property, plant and equipment in question. Spare parts deemed to be items of property, plant and equipment are capitalised and depreciated on the basis of their actual use. Tooling specifically manufactured for certain customers is recognised as an item of property, plant and equipment and depreciated over its likely useful life. Major repairs are deemed to be components of items of property, plant and equipment.

The costs of borrowing that is directly attributable to the acquisition or production of an asset are incorporated in the asset's cost where they are significant.

A provision is recognised upon starting up operations for the restoration of mining sites, with counterpart recognition of a component of an item of property, plant and equipment depreciated on a straight-line basis during the operation of the mine.

Mine stripping costs are capitalised under property, plant and equipment and depreciated on the basis of mined tonnage.

Leases transferring the risks and benefits inherent in ownership (finance leases) are recognised as items of property, plant and equipment, offset by a debt. These are amortised over their expected useful life on the same basis as the items of property, plant and equipment held or, if shorter, the term of the corresponding lease. Similarly, other agreements, and primarily sub-contracting, involving the use of a specific asset and the right to use it, are reclassified where necessary as leases, pursuant to IFRIC 4 – Determining Whether an Arrangement Contains a Lease, and in accordance with IAS 17 – Leases.

All items of property, plant and equipment were allocated to cash generating units (CGUs). Where the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, an impairment loss is recognised.

7.10 Borrowing costs

Borrowing costs consist of interest on long-term debt and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset and are deducted from the financing expense to which they relate. All other borrowing costs are expensed in the period they occur.

The Group began the capitalisation of borrowing costs to qualifying assets on 31 December 2012.

7.11 Impairment of assets

Impairment tests are performed regularly and systematically at least once a year at the annual balance sheet date for goodwill and intangible assets with indefinite lives, and where there are indications of impairment. For intangible assets and items of property, plant and equipment with finite lives, impairment tests are carried out where there are indications of impairment.

The impairment test consists of comparing the carrying amount of the assets with their recoverable amount. Impairment losses are calculated as the difference between the recoverable and carrying amounts and recognised in "Other operating income and expenses". The recoverable amount is defined as the greater of the fair value less selling costs and the value in use. The fair value is the resale value determined, as appropriate, by reference to similar recent transactions or to appraisals carried out by independent appraisers with a view to disposal.

In order to determine the value in use, the Group uses the method of discounted future cash flows generated from their use or their disposal. The data used to calculate the discounted forecast cash flows is taken from the annual budgets and multiyear plans prepared by management at the business segments in question. These plans are created on the basis of 5-year projections plus a terminal value corresponding to the capitalisation to infinity of the cash flows deriving essentially from the last year of the plan.

Impairment tests are performed at the level of the cash generating units (CGUs). All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs. Cash generating units are (CGUs) are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The TiZir Group has determined its cash-generating units (CGUs) by reference to the various production sites of its two major business lines: mineral sands and titanium & iron.

Impairment losses were recognised during the year ended 31 December 2014.

7.12 Inventories

Inventories are measured using the weighted average cost or FIFO (first in, first out) method.

Inventories and work in progress are assessed at cost price and only include production costs, while not exceeding the realisable value. Costs stemming from sub-normal capacity usage are eliminated from inventory measurement at the end of the period.

The impairment of spare parts that do not qualify for capitalisation is calculated on the basis of their use during the year. Spare parts inventory in excess of one year's use is fully impaired.

Fixed production costs relating to recognised or planned sub-normal capacity usage are not incorporated in inventory measurement, and are recognised as ordinary operating expenses for the period in which they are incurred. Capacity usage is established as sub-normal when the actual production volume is below 10% of normal production volume (or normal capacity).

7.13 Loans and receivables

Receivables and debts are measured upon initial recognition at fair value plus any transaction expenses and are subsequently re-measured at each balance sheet date at amortised cost using the effective interest rate method. The effective interest rate is the rate that precisely discounts the expected future cash movements. Foreign currency receivables and debts are re-measured at the rate prevailing at the period-end date. Resultant translation adjustments are recognised in the income statement as exchange differences under current operating profit/(loss) or net borrowing cost, depending on the type of receivable or debt.

Trade receivables do not incur any interest, are short term in nature and are measured at their nominal value net of appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances. This allowance, offset in income under "current operating profit/(loss)", reduces the nominal amount.

Receivables disposed of under a securitisation contract are derecognised in accordance with IAS 39 – "Financial instruments: recognition and measurement" where the Group has transferred the contractual rights to receive the future cash flows and substantially all the risks and benefits inhering in these assets are transferred. Where the risks are retained without prejudicing derecognition of the assets, they remain recognised in the balance sheet under other operating receivables together with the related security deposits.

Transfers with recourse against the transferor in the event of the debtor defaulting on payment preclude derecognition of receivables transferred and these assets are therefore retained in the balance sheet.

7.14 Other non-current financial assets

These assets primarily comprise securities that do not meet the criteria for cash equivalents defined in IAS 7. These securities are measured at fair value on their first recognition. The fair value used is the stock-market value for listed securities, and for unlisted securities, is based on estimates using specific financial criteria reflecting the particular situation of each stock (similar transactions or discounted value of future cash flows). Changes in the fair value of these investments are recognised in recyclable [transferable] shareholders' equity under "Change in fair value of held-for-sale financial assets". Where those assets exhibit objective evidence of significant or lasting impairment, the cumulative impairment loss, previously recognised in equity, is recognised in income for the period under "other financial income and expenses".

7.15 Financial assets

Financial assets are classified, at initial recognition, as loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Under IFRS 7, the Company's loans, trade and other receivables are categorised as "Loans and receivables" as they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The valuation method for this category of financial asset is "amortised cost" using the effective interest method, less any impairment provision. For all current receivables "amortised cost" is effectively cost.

The carrying values of the Company's financial assets are reviewed throughout the year to determine whether there is any indication of impairment. If any such indication exists, an impairment loss is recognised to reduce the asset's carrying value to the estimated recoverable amount. For receivables, this review is based on the latest information available and any financial assets that are substantially past due are also considered for impairment. Any change in the value of financial assets is recognised in the statement of profit or loss line item "finance costs" or "finance income", as appropriate.

7.16 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method. For all current payables "amortised cost" is effectively cost.

Financial liabilities are recognised when the Company becomes a party to the contractual terms of the instrument. All interest-related charges, and if applicable, changes in an instrument's fair value are reported in the statement of profit or loss line item "finance costs" or "finance income", as appropriate.

7.17 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, to manage its exposure to its exchange rate risks. Such derivative financial instruments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and strategy for undertaking various hedge transactions. In addition, at the inception of the hedge and on an on-going basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of such hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is recognised in "Other operating gains and losses".

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the line "Other operating gains and losses". However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

7.18 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, but the timing or the amount of the outflow may still be uncertain. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

7.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, plus or minus any adjustment to tax payable in respect of previous years.

7.20 Cash and cash equivalents

Cash includes cash in hand and demand deposits, excluding bank overdrafts, which appear under financial liabilities. Cash equivalents correspond to marketable securities and consist of investments held to meet short-term cash requirements and are not considered as held to maturity.

Marketable securities of under three months' maturity are recognised in the balance sheet at their fair value in accordance with IAS 39 – Financial Instruments. To be considered a cash equivalent, they must be readily convertible to cash and subject to negligible risk of fluctuation in value. Fair value changes are recognised in income under net borrowing cost.

7.21 Deferred tax

The amount of tax actually owed at the balance sheet date is adjusted for deferred tax, which is calculated using the liability method with regard to temporary differences between carrying amounts and tax amounts, as well as with regard to consolidation restatements. Deferred tax assets, including those related to carried-forward losses, which are determined by fiscal entity, are recognised whenever it can be shown that they are likely to be realised. Deferred tax is not discounted.

To assess the likelihood that these assets will be realised, the Group reviews the following information:

- future forecast profitability;
- extraordinary losses not expected to recur in the future;
- past taxable profits; and
- tax strategies.

Deferred tax assets and liabilities are recognised as assets and liabilities in the statement of financial position and are deemed to be non-current (Note 17).

In the consolidated balance sheet, deferred tax assets and liabilities are offset individually within each tax entity, namely individually within the legal entity or tax consolidation group (Note 17).

Deferred tax liabilities on investments in subsidiaries, associates and joint ventures are only recognised where the Group can determine the timetable for the reversal of the related temporary differences. Provisions are recognised for non-recoverable levies on dividends planned in respect of the previous financial year.

7.22 Revenue

Revenue mainly comprises the following:

- Sales, including the sale of merchandise, goods and services generated in the course of the Group's main business activities. This is a component of "current operating profit/(loss)" (Note 23).
- Other income includes other revenue assigned to current operating profit/(loss) (Note 23) such as translation adjustments on sales, capitalised production, lease income, operating subsidies and insurance premiums received.
- Interest income recognised in the income statement under "Net borrowing costs".
- Dividends included in income for the period under "Other financial income and expenses".

The revenue recognition criteria by category are as follows:

- Sales and other income: income is recognised as revenue once the company has transferred the main risks and benefits inherent in ownership of the goods to the buyer. Sales are measured at the fair value of the consideration received or receivable. In the event of a deferred payment having a material impact on the calculation of the fair value, future payments are discounted accordingly.
- Interest: income is recognised for the amount of accrued interest.
- Dividends: income from investments in associates is recognised whenever the Group is entitled to receive payment as a shareholder.

7.23 Current operating profit/(loss) and other operating income and expenses

The Group specifically uses EBITDA and current operating profit/(loss) as performance indicators. EBITDA includes the gross profit (difference between sales and the cost of sales), administrative and selling expenses and research and development expenditure before depreciation, amortisation and provisions, which are presented separately. Current operating profit/(loss) includes EBITDA, depreciation, amortisation and provisions; it consists in particular of the cost of employee-related liabilities including the financial component, the cost of employee profit-sharing and translation adjustments between the rates upon recognition and those at the balance sheet date (trade receivables and payables).

Other operating income and expenses only include very limited, unusual, abnormal and infrequent income and expenses for particularly material amounts that the Group presents separately in its income statement in order to facilitate understanding of current operating performance. This item primarily consists of:

- restructuring costs;
- costs incurred for development projects whose profitability has yet to be demonstrated;
- capital gains/losses or impairment losses on assets; and
- impairment losses on goodwill, intangible assets and property, plant and equipment.

7.24 Income from financing activities

Net financial income consists of the following items:

- net borrowing costs, these being income statement items relating to balance sheet components of net borrowing, namely, financial liabilities and cash and cash equivalents; and
- other financial income and expenses, such as dividends, provisions for securities, accretion expenses and gains / losses on instruments that are non-eligible as hedges under IAS 39.

7.25 Earnings per share

Basic earnings per share are obtained by dividing the Group profit/(loss) for the period by the average number of shares outstanding during the period. This average number of shares outstanding excludes treasury shares.

Diluted earnings per share are obtained by adjusting Group profit/(loss) for the period and the number of shares for potentially dilutive effects, mainly represented by employee subscription and purchase option plans (stock options).

7.26 Risks

Foreign currency risks: when the exposure arising from borrowings taken out by Group companies in currencies other than their functional currencies is not offset by income in those currencies, the Group may have recourse to hedging (Note 21). In addition, the Group uses derivative financial instruments to limit its exposure to the currency risk on its sales and on certain dollar-denominated costs.

7.27 Standards, Amendments and Interpretations not yet Effective and not Applied

Standard	Description	Impact	Effective Date[1]
Amendments to IAS 1, Presentation of Financial Statements	Issued to improve the effectiveness of presentation and disclosure in financial reports, with the objective of reducing immaterial note disclosures.	The Group is reviewing the standard to determine the potential impact, if any.	January 1, 2016, applied retrospectively.
Amendments to IAS 16, Property, Plant and Equipment and IAS 38,Intangible Assets	Issued to clarify acceptable methods of depreciation and amortisation.	The Group is reviewing the standard to determine the potential impact, if any; however, no significant impact is anticipated.	January 1, 2016, applied retrospectively.
Amendments to IFRS 11, 'Accounting for Acquisition of interests in Joint operations'	Issued to provide additional guidance on accounting for the acquisition of an interest in a joint operation.	The Group is reviewing the standard to determine the potential impact, if any; however, no significant impact is anticipated.	January 1, 2016, applied retrospectively.
IFRS 15, Revenue From Contracts With Customers	Issued to provide guidance on the recognition of revenue from contracts with customers, including multiple-element arrangements and transactions not previously addressed comprehensively, and to enhance disclosures about revenue.	The Group is reviewing the standard to determine the potential impact, if any.	January 1, 2017, applied retrospectively with certain limitations.
IFRS 9, Financial Instruments	Issued to replace IAS 39, providing guidance on the classification, measurement and disclosure of financial instruments and introducing a new hedge accounting model.	The Group is reviewing the standard to determine the potential impact, if any.	January 1, 2018, applied retrospectively with certain exceptions.

[1]Effective date for annual periods beginning on or after the stated date.

8. CONSOLIDATION SCOPE

At 31 December 2014, the consolidation scope included the following subsidiaries of the TiZir Limited:

	Country of incorporation and operation	Method of Consolidation	Proportion of ownership interest and voting power held 31 Dec 2014	31 Dec 2013
TiZir Limited	United Kingdom	Consolidation	-	-
Subsidiaries of TiZir Limited:				
- TiZir Titanium & Iron AS	Norway	Fully Consolidated	100	100
- TiZir Mauritius Limited	Mauritius	Fully Consolidated	100	100
Subsidiaries of TiZir Mauritius Limited:				
- Grande Côte Operations SA	Senegal	Fully Consolidated	90	90

All companies within the scope of consolidation share the same financial year end of 31 December.

The non-controlling interest in Grande Cote Operations SA is not considered material for the purposes of IFRS 12 and as such disclosures required under this standard have not been included. No dividends were paid to non-controlling interests during the year.

The Company has pledged its 100% interest in TiZir Titanium & Iron AS and TiZir Mauritius Limited as security over the US$275.0 million bond issued by the Company on 29 September 2011 and on 23 May 2014. See Note 18 for further details.

The Company continues to provide the necessary financial support to enable TiZir Mauritius Limited to meet its current and future obligations as they fall due for the foreseeable future.

Shares in subsidiaries

	Cost US$'000	Impairment Provisions US$'000	Net book value US$'000
Balance at 31 December 2012	**331,504**	-	**331,504**
Debt to equity conversion – TiZir Mauritius Limited – 1 January 2013	172,706	-	172,706
Debt to equity conversion – TiZir Mauritius Limited – 31 December 2013	314,926	-	314,926
Balance at 31 December 2013	**819,136**	-	**819,136**
Debt to equity conversion – TiZir Mauritius Limited – 30 June 2014	80,350	-	80,350
Balance at 31 December 2014	**899,486**	**-**	**899,486**

	Net book value 31 Dec 2014 US$'000	Net book value 31 Dec 2013 US$'000
Represented by		
Investment in TiZir Mauritius Limited	757,191	676,840
Investment in TiZir Titanium & Iron AS	142,295	142,296
At end of the period	**899,486**	**819,136**

9. INTANGIBLE ASSETS

	Gross Value US$'000	Amortisation US$'000	Impairment US$'000	Net value 31 Dec 2014 US$'000	Net value 31 Dec 2013 US$'000
By category					
Capitalised mining convention costs	111,832	(942)	(108,400)	2,490	111,832
Mine development expenditure	51,590	(436)	(2,400)	48,754	51,590
Other intangible assets	61,634	(42,974)	-	18,660	20,263
Total	**225,056**	**(44,352)**	**(110,800)**	**69,904**	**183,685**

	Net value 31 Dec 2014 US$'000	Net value 31 Dec 2013 US$'000
Changes over the period		
At beginning of the period	183,685	201,625
Capital expenditure during the period	326	345
Amortisation expenses during the period	(3,194)	(18,273)
Impairment during the period	(110,800)	-
Translation adjustments	(113)	(12)
At end of the period	**69,904**	**183,685**

TiZir Limited impairment review

Impairment reviews were undertaken as at 31 December 2014 in relation to the Company's two cash-generating units ("CGUs"), TTI and GCO. The basis on which the recoverable amount of each CGU is assessed is its fair value less costs of disposal, using a discounted cash flow financial model. Due to the residual impact of softening mineral sands market conditions, an impairment loss of $110.8 million (100% basis) was attributed to GCO at 31 December 2014. No impairment was recognised for TTI. GCO's impairment loss is primarily related to the assets of GCO that were recognised as part of the purchase price allocation performed when the Company was established in 2011.

During 2012, pursuant to accounting standard requirements, a purchase price allocation was undertaken in relation to the fair value of assets and liabilities TiZir acquired on its establishment (effective 1 October 2011). As part of the allocation, mining rights of $109.3 million were recognised within the consolidated balance sheet of TiZir and represents the excess of the fair value of equity consideration paid by TiZir over the fair value of GCO assets and liabilities contributed by the Company. The value assigned to the mining rights did not represent a cash expenditure of the Company prior to the establishment of TiZir. The impairment loss outlined above has been applied to the entire balance of mining rights at 31 December 2014 and represents a non-cash loss on a non-cash asset.

Key assumptions and sensitivity analysis

The recoverable amount is particularly sensitive to certain key assumptions, being life of mine, discount rate (11.5% nominal post-tax), commodity prices, production and sales volumes, and operating costs. A life of mine of 25 years has been used, incorporating the established reserves which provide for a mine path of 14 years covering approximately 40% of the mining concession, along with additional resources (beyond the area covered by the initial 14 year mine path) that are based on studies undertaken in 2014 to define the optimal dredge mining path. Further deterioration of these assumptions in isolation may result in additional impairment.

The table below outlines the impact of the impairment loss on the individual assets within the Company:

	31 Dec 2014 US$'000
Allocation of impairment loss	
Mineral reserves recognised on acquisition	108,400
Mine development expenditure	2,400
Total impairment loss	110,800

Mine development expenditure relates exclusively to the Grande Côte Mineral Sands Project.

Other intangible assets mainly comprise intangible assets recognised on acquisition (representing an ilmenite supply contract and electricity supply contract) and computer software that are being amortised over their useful economic lives of between 2.5 to 20 years.

10. PROPERTY, PLANT AND EQUIPMENT

	Gross Value US$'000	Depreciation US$'000	Net value 31 Dec 2014 US$'000	Net value 31 Dec 2013 US$'000
By category				
Land and buildings	33,485	(1,189)	32,296	36,168
Industrial and mining facilities	822,433	(57,953)	764,480	31,516
Other property, plant & equipment	15	(9)	6	19
Work in progress	5,347	-	5,347	672,875
Total	**861,280**	**(59,151)**	**802,129**	**740,578**

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Changes over the period		
At beginning of the period	740,578	427,535
Capital expenditure during the period	92,298	332,637
Disposals during the period	(30)	-
Depreciation expenses during the period	(22,823)	(15,252)
Translation adjustments and other movements	(7,894)	(4,342)
At end of the period	**802,129**	**740,578**

There were no impairment losses recognised in relation to property, plant & equipment of the Group for the year ended 31 December 2014 (2013 - Nil).

Land and buildings include non-depreciating freehold land amounting to US$15.5 million (2013 – US$15.5 million).

Capital expenditure during the year includes US$11.6 million of interest expense and amortisation of borrowing costs incurred on funding construction of qualifying assets which have been capitalised during the year (2013 - US$ 14.4 million).

11. LOANS TO RELATED PARTIES

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Non-current intercompany loans from parent entity		
Loan to Grande Cote Operations SA (i)	27,810	161,801
Loan to TiZir Mauritius Limited (ii)	51,821	-
Total	**79,631**	**161,801**

(i) As outlined in Note 9, an impairment review of the Company's cash-generating units was completed at 31 December 2014. As a result of this impairment review, an impairment of the loan advanced to Grande Cote Operations SA of $133,991,000 was recognised due to the asset values recognised within the stand-alone parent entity balance sheet being in excess of the present value of cash flows expected to be realised from its investment in TiZir Mauritius Limited (and its 90% interest in Grande Cote Operations SA).

(ii) On 30 June 2014, TiZir Mauritius Limited completed a debt to equity conversion in relation to amounts advanced by the company during the period 1 January to 30 June 2014. TiZir Mauritius Limited issued 851,255,430 shares at a value of A$85,125,543 (equivalent to US$80,350,000 at the prevailing exchange rate of 1.0594) in exchange for the cancellation of the loan. The above intercompany loans are eliminated on consolidation and therefore do not appear in the consolidated statement of financial position.

During the period 1 July 2014 to 31 December 2014, the Company advanced $51,821,221 to TiZir Mauritius Limited as part of its continued support of the Grande Cote Mineral Sands Operation in Senegal.

12. INVENTORIES

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
By category		
Raw materials	40,196	20,198
Merchandise and finished products	18,518	20,315
Work in progress and semi-finished products	1,666	1,461
Consumables and spare parts	3,388	4,903
Total	**63,768**	**46,877**
Changes over the period		
At beginning of the period	46,877	46,356
Changes in working capital requirement	24,450	4,029
Translation adjustments and other movements	(7,559)	(3,508)
At end of the period	**63,768**	**46,877**

There was no inventory allowance for slow-moving inventory, excess of cost over net realisable value and obsolescence for the year (2013 – Nil). As such there are no inventories held at fair value less costs to sell.

13. TRADE AND OTHER RECEIVABLES

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
By category		
Trade receivables	26,703	16,345
Payroll and tax receivables	1,356	1,862
Prepayments	3,360	3,852
Other operating receivables	502	519
Total	**31,921**	**22,578**
Represented in the statement of financial position as:		
- Current assets	31,723	22,315
- Non-current assets	198	263
Changes over the period		
At beginning of the period	22,578	71,263
Changes in working capital requirement	15,670	(46,299)
Allowance for doubtful debts	-	(201)
Translation adjustments	(6,327)	(2,185)
At end of the period	**31,921**	**22,578**

There was no allowance for doubtful debts made during the year (2013– Nil). In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Not more than three months	**78**	**1,863**

The total balance outlined as overdue above was received shortly after balance date for both the current and comparative period. There were no impairment charges recognised against these receivables.

14. CASH & CASH EQUIVALENTS

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
By category		
Cash	**8,401**	**11,552**

Cash includes cash in hand and at bank. The change from one period to the next is analysed via a cash flow statement drawn up using the indirect method. In addition to the above stated figures the Group had US$90.9 million available as unutilised borrowings with financial institutions, subject to satisfactory fulfilment of facility conditions.

15. SHAREHOLDERS' EQUITY

The share capital is comprised of 329,500 ordinary shares broken down between Eralloys Holding AS as 50% and MDL (Mining) Limited as 50%.

During the year the company issued no ordinary shares.

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Share capital	329	329
Share premium	621,412	621,412
	621,741	**621,741**

	Number of shares '000	Share capital US$'000	Share premium US$'000
Movement in fully paid ordinary shares			
Balance at 1 January 2013	**303**	**303**	**571,438**
Issue of shares – 30 April 2013	26	26	49,974
Balance at 31 December 2013	**329**	**329**	**621,412**
Balance at 31 December 2014	**329**	**329**	**621,412**

Fully paid ordinary shares have a par value of US$1.00, carry one vote per share and carry a right to dividends.

The Company's constitution does not disclose an authorised capital amount as this concept was abolished in the Companies Act 2006. As such, the authorised capital of the Company at 31 December 2014 is equal to the amount of shares allotted to date.

The Company did not issue any share options or other instruments relating to right over the Company's equity during the year ended 31 December 2014.

16. ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

	% of non-controlling interests	31 Dec 2014 Profit/(loss) US$'000	31 Dec 2014 Net value US$'000	31 Dec 2013 Net value US$'000
Grande Côte Operations SA	10	(15,342)	(9,258)	6,248
Total		**(15,342)**	**(9,258)**	**6,248**

Changes over the period		
At beginning of the period	6,248	7,299
Loss for the year	(15,342)	(829)
Translation adjustments	(164)	(222)
At end of the period	**(9,258)**	**6,248**

17. DEFERRED TAX

The significant components of the Group's deferred tax assets and liabilities were as follows as at:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Difference between tax and consolidated amounts of non-current assets	7,546	8,418
Other temporary differences	1,256	1,288
Hedging instruments	-	1,078
Deferred tax liabilities	**8,802**	**10,784**
Difference between tax and consolidated amounts of non-current assets	89	1,357
Hedging instruments	806	-
Deferred tax assets	**895**	**1,357**
Net deferred tax liabilities	**7,907**	**9,427**

Changes over the period:

	Liabilities US'000	Assets US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
At beginning of period	10,784	(1,357)	9,427	19,734
Deferred tax offset in shareholders' equity	-	(31)	(31)	1,771
Deferred tax on profit for the year	(1,450)	281	(1,169)	(11,653)
Translation adjustments	(532)	212	(320)	(425)
Total	**8,802**	**(895)**	**7,907**	**9,427**

	31 Dec 2014	31 Dec 2013
Net deferred tax after offsetting by tax entity:		
Deferred tax assets	(895)	(1,357)
Deferred tax liabilities	8,802	10,784
Net deferred tax liability	**7,907**	**9,427**

18. BORROWINGS

Consolidated	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Current		
Bonds (i)	5,636	2,755
Operating line of credit	9,126	-
	14,762	**2,755**
Non-current		
Bonds (i)	273,611	147,919
Operating line of credit	-	31,241
Loans from related parties (ii)	131,692	55,420
	405,303	**234,580**

Company	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Current		
Bonds (i)	5,636	2,755
Non-current		
Bonds (i)	273,611	147,919
Loans from related parties (ii)	131,692	55,420
	405,303	**203,339**

(i) On 29 September 2012, the Company issued a bond with a face value of US$150 million, a 9.0% interest coupon and a term of five years. The bond was issued primarily to fund construction activities at Grande Côte.

Further, on 23 May 2014, the Company completed a US$ 125 million tap issue of the existing bonds.

The total of corporate bonds issued by the Company is now US$275million, is secured by the Company's 100% interest in both TiZir Titanium & Iron and TiZir Mauritius Limited and matures on 28 September 2017.

Interest charged on the bonds for the year ended 31 December 2014 was US$20.3 million. As in prior periods, interest of US$7.9 million on the bonds during 2014 (2013 - US$14.4 million) has been capitalised within property, plant and equipment. Capitalisation of all expenses including interest and borrowing costs concluded on 30 June 2014 when GCO was deemed to be operating in the location and manner intended by management.

(ii) As part of the agreement to establish the joint venture on 1 October 2011, Eramet SA agreed to provide a US$45.0 million subordinated loan facility, which was contributed during the 2013 year. Interest on the subordinate loan facility is accrued at LIBOR 6 months plus 5 per cent. For the year ended 31 December 2014, interest of US$2.5 million (2013 US$0.4 million) accrued on this facility.

Further, during the year ended 31 December 2013, the Group entered into two US$40 million subordinated loan agreements with each of Mineral Deposits Limited and ERAMET SA. These loans accrue interest at a rate of LIBOR 3 months plus 5 per cent and are repayable on or before 29 September 2018. The Group received US$5 million from each controlling party (for a total loan balance of $10.0 million) as part of these loan agreements in December 2013, whilst the remaining US$70 million was received during the first half year of 2014.

Interest charged on the US$40 million subordinate loans for the year ended 31 December 2014 was US$3.8 million (2013 – Nil) of which US$1.2million has been capitalised within property, plant and equipment.

The carrying value of borrowings includes principal repayments, transaction costs, and unamortised discounts.

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
By maturity		
Less than one year	14,762	2,755
One to five years	405,303	234,580
	420,065	**237,335**
By interest rate		
Fixed interest rates		
- 5.0% to 10.0%	279,247	150,674
	279,247	**150,674**
Variable interest rate		
- Over 5.0%	131,692	55,420
- Under 5.0%	9,126	31,241
	140,818	**86,661**

19. OTHER NON-CURRENT LIABILITIES

Company	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Advances from TiZir Titan & Iron AS (i)	34,065	97,466
Recharged costs from Grande Cote Operations SA	-	198
	34,065	**97,664**

(i) Advances from TiZir Titan & Iron AS relate to Group cash pooling for funding of Grande Côte Mineral Sands Project. A dividend of US$18.0 million was paid to TiZir Limited during the year and deducted from the amount owing on the cash pooling advance

20. TRADE AND OTHER PAYABLES

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
By category		
Trade payables	33,695	30,575
Tax and payroll liabilities	5,863	8,009
Other operating liabilities	1,764	13,225
	41,322	**51,809**
Changes over the period		
At beginning of the period	51,809	35,942
Changes in working capital requirement	(2,914)	17,136
Translation adjustments and other movements	(7,573)	(1,269)
At end of the period	**41,322**	**51,809**

All trade and other payables are short term and the carrying values are considered to be a reasonable approximation of fair value.

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
By category		
Financial instrument assets/(liabilities)	(31)	(486)
Financial instruments – currency hedges	(2,953)	(3,507)
	(2,984)	**(3,993)**
Changes over the period		
At beginning of the period	(3,993)	3,490
Changes in hedging instruments for the period – shareholders' equity (i)	(116)	(6,339)
Changes in financial instrument assets (ii)	433	(1,142)
Translation adjustments	692	(2)
At end of the period	**(2,984)**	**(3,993)**

(i) The impact corresponds to the change in fair value of the new interest-rate instruments hedging future flows and the interest-rate instruments hedging future flows that were contracted during the financial year and were still outstanding at the year-end.

(ii) The impact on financial income corresponds to the fair value of interest-rate instruments ineligible as hedges.

22. FINANCIAL INSTRUMENTS

(a) Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company's goal in capital management is to maintain a total equity ratio (being the ratio of equity to total assets) of more than 35%. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the carrying amount of equity, compared to total assets. Capital for the reporting periods under review is summarised as follows:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Total equity	502,226	684,362
Total assets	976,246	1,005,394
Total equity ratio	**51.4%**	**68.1%**

(b) Categories of financial instruments

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Financial assets		
Cash and cash equivalents	8,401	11,552
Trade receivables and other current assets	28,554	18,463
Other non-current assets	198	263
Other non-current financial assets	29	124
Total	**37,182**	**30,402**
Financial liabilities		
Trade and other payables	41,322	51,809
Borrowings	420,065	237,335
Derivative financial liabilities	2,984	3,993
Total	**464,371**	**293,137**

(c) Exchange rate risk

Some of the Company's sales and purchases are acquired from overseas suppliers and are denominated in Norwegian Kroner (NOK), Euro (EUR), Great British Pounds (GBP), Australian Dollar (AUD) and West African CFA Franc (XOF). Any funding of foreign currency or hedging required is dealt with by the Group's treasury function, in conjunction with local management.

Foreign currency denominated financial assets and liabilities, translated into dollars at the closing rate, are as follows.

	NOK US$'000	EUR US$'000	GBP US$'000	AUD US$'000	XOF US$'000
31 Dec 2014					
Financial assets	2,100	10,252	180	575	457
Financial Liabilities	(12,446)	(516)	(906)	(269)	(9,606)
	(10,346)	9,736	(726)	306	(9,149)
31 Dec 2013					
Financial assets	2,107	3,449	252	282	166
Financial Liabilities	(15,661)	(5,239)	(2,727)	(1,331)	(10,295)
	(13,554)	(1,790)	(2,475)	(1,049)	(10,129)

The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Company's financial assets and liabilities and the prevailing exchange rates at balance date for the relevant currencies outlined above.

The tables assume a 5% change of the exchange rates for the year ended at 31 December 2014 (2013 – 5%). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each statement of financial position date.

If the United States Dollar had strengthened against the abovementioned currencies by 5% (2013 – 5%), this would have had the following impact:

	NOK US$'000	EUR US$'000	GBP US$'000	AUD US$'000	XOF US$'000
31 Dec 2014					
Net result for year and impact on equity	(517)	(486)	(36)	(15)	(457)
31 Dec 2013					
Net result for year and impact on equity	(678)	(90)	(124)	(52)	(506)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

(d) Interest rate risk

The Group is exposed to changes in market interest rates relating to its bank balances and external credit facilities with both bondholders and shareholders which are subject to variable interest rates as detailed in Note 18.

The Company is part of a group pooling arrangement with other Group companies whereby excess funds are lent to or deficits borrowed from other Group companies. Rates of interest are set with reference to the market rates ruling in the lender's country.

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +/-0.5% (2013 - +/-0.5%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company's financial instruments held at each statement of financial position date. All other variables are held constant. If interest rates had been higher/lower by 0.5%, the impact to the net result for the year would be have an equal and opposite effect:

	2014		**2013**	
Consolidated	**+0.5% US$'000**	**-0.5% US$'000**	**+0.5% US$'000**	**-0.5% US$'000**
Net result for the year	**(675)**	**675**	**(432)**	**432**
Company				
Net result for the year	**(432)**	**(432)**	**(764)**	**764**

(e) Fair value of financial instruments

The Company's investments in Group undertakings, which are measured at cost in the financial statements, are not included as the fair value of the equity investment cannot be reliably measured.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade or above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a regular basis.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Apart from the customers outlined in Note 24, the Group does not have significant credit risk exposure to a single counterparty. Concentration of credit risk related to the customers outlined in Note 24 did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances.

Liquidity and interest risk tables

The following tables detail the Company's and the Group's remaining contractual maturity for their non-derivative financial assets and liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Due on demand US$'000	Due one to three months US$'000	Due three months to one year US$'000	Due one to five years US$'000	Total US$'000
Consolidated						
31 Dec 2014						
Financial Liabilities						
Fixed interest rate	9.0	-	5,636	-	273,611	279,247
Variable interest rate	-	-	-	9,126	131,692	140,818
Non-interest bearing	-	1,620	22,964	10,048	9,673	44,305
		1,620	28,600	19,174	414,976	464,370
31 Dec 2013						
Financial Liabilities						
Fixed interest rate	9.0	-	3,505	-	147,168	150,673
Variable interest rate	-	31,241	-	-	55,421	86,662
Non-interest bearing	-	-	33,445	18,261	4,096	55,802
		31,241	36,950	18,261	206,685	293,137
Consolidated						
31 Dec 2014						
Financial Assets						
Variable interest rate	-	5,604	-	-	198	5,802
Non-interest bearing	-	4,441	26,011	116	812	31,380
		10,045	26,011	116	1,010	37,182
Consolidated						
31 Dec 2013						
Financial Assets						
Variable interest rate	-	-	51	-	212	263
Non-interest bearing	-	13,440	15,938	141	506	30,025
		13,440	15,989	141	718	30,288

23. SALES AND OTHER INCOME

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Sales		
Sale of goods	**161,884**	**201,314**
Other income		
Exchange differences on sales	1,498	2,126
Insurance claim	-	11,115
Other operating income	539	576
Total	**2,037**	**13,817**

24. SEGMENT REPORTING

The directors of the Company have chosen to organise the Group's operating segments based on differences in products and services provided by the Group.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Upgraded ilmenite products
- Extracted mineral sands products

Revenues and profit by segment

The following is an analysis of the Group's revenue and profit by reportable segment:

	Segment Revenue		Segment Profit/(Loss)	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Upgraded ilmenite products	147,648	201,314	5,465	43,520
Extracted mineral sands products	14,236	-	(38,216)	(9,662)
Total	**161,884**	**201,314**	**(32,751)**	**33,858**
Administration costs			(2,241)	(4,366)
Other finance expenses			(11,385)	(1,878)
Unallocated depreciation and amortisation of non-current assets			(123)	(122)
Impairment of mineral rights and mine development expenditure			(110,800)	-
Amortisation of non-current assets recognised on acquisition			(3,890)	(19,165)
Income tax on amortisation of non-current assets recognised on acquisition			543	5,829
Total			**(160,647)**	**14,156**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 7.

Segment revenue reported above represents revenue generated from external customers. There were inter-segment sales of $3.1 million during the year ended 31 December 2014 and have been eliminated on consolidation and therefore not included in the above segment analysis (2013 – Nil).

Segment profit/(loss) represent the profit/(loss)after income tax earned by each segment without allocation of centralised administration costs, foreign exchange losses recognised outside the reportable segments, depreciation of non-current assets not allocated to a reportable segment and amortisation and associated income tax impact of non-current assets recognised on acquisition. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Segment assets		
Upgraded ilmenite products	92,414	98,468
Extracted mineral sands products	823,788	745,354
Total segment assets	**916,202**	**843,822**
Unallocated	60,044	161,572
Total consolidated assets	**976,246**	**1,005,394**
Segment liabilities		
Upgraded ilmenite products	36,438	78,300
Extracted mineral sands products	16,742	27,229
Total segment liabilities	**53,180**	**105,529**
Unallocated	420,840	215,503
Total consolidated liabilities	**474,020**	**321,032**

There was an impairment loss of US$110.8 million recognised during the year ended 31 December 2014 (2013 – Nil). This impairment has been applied against assets in the unallocated segment as assets recognised on acquisition (such as mineral reserves) have not been allocated to reportable segments so as to enable chief operating decision makers of the Group to assess segment performance and resource allocation on the basis of assets that are directly attributable to individual segment operations.

Other segment information

	Depreciation & amortisation		Additions to non-current assets[1]	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Upgraded ilmenite products	8,289	8,263	6,268	1,494
Extracted mineral sands products	13,715	5,975	88,295	319,706
Unallocated	4,013	19,287	2	6
Total	**26,017**	**33,525**	**94,565**	**321,206**

(1) Additions to non-current assets is segmented on a cash basis and is reconciled to the consolidated cash flow statement.

Geographical information

The Group operates in four principal geographical areas – Norway, Senegal, Mauritius and United Kingdom.

The Group's revenue from external customers by operational location and information about its non-current assets by location is included below:

	Revenue from external customers		Non-current assets[1]	
	31 Dec 2014 US$'000	31 Dec 2013 US$'000	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Norway	147,648	201,314	34,912	44,942
Senegal	14,235	-	785,598	724,607
Mauritius	-	-	198	275
United Kingdom	1	-	51,646	154,826
Total	**161,884**	**201,314**	**872,354**	**924,650**

(1) Non-current assets by location does not include any intercompany loan receivables between Group companies.

Information about major customers

Revenue for the year ended 31 December 2014 of $161.9 million includes revenue of $59.8 million (2013 – US$94.9 million) which arose from sales the Group's two largest customers (2013 – four largest customers). Each individual customer accounted for more than 10% of total sales. There were no other individual customers who contributed 10% or more to the Group's revenue for 2013 and 2014.

25. SALES BY GEOGRAPHICAL LOCATION

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Eurozone	145,718	150,636
Other European countries	3,325	4,355
South America	3,571	19,056
China	3,254	27,267
North America	3,949	-
Other	2,067	-
Total	**161,884**	**201,314**

26. EMPLOYMENT COSTS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	31 Dec 2014 No.	31 Dec 2013 No.
Production	616	210
Administration	391	372
Development	57	10
Construction	84	346
Total	1,148	938

Administration employees include executive management, finance, information technology, occupational health and safety, quality assurance, human resources and social and community developments employees.

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Wages and salaries	29,714	21,020
Social security costs	2,460	2,379
Pension Costs	1,116	956
Other costs	1,251	1,063
Total	34,541	25,418

The average number of employees during the year was 1,148 (2013 – 938), including the project team in Senegal. The employment costs related to the project team in Senegal were capitalised up to 30 June 2014 as part of the construction and ramp-up of the Grande Côte Mineral Sands Operation and are a component of property, plant & equipment. From 1 July 2014, all employment costs of the TiZir Group were recognised in the Statement of Profit or Loss and Other Comprehensive Income.

27. AUDIT REMUNERATION

The company's audit remuneration for the year was US$100,000 (2013 – US$118,000). The consolidated audit remuneration for the year was US$237,000 (2013 – US$287,000).

28. DEPRECIATION, AMORTISATION OF NON-CURRENT ASSETS

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Intangible assets (Note 9)	(3,194)	(18,273)
Property, plant & equipment (Note 10)	(22,823)	(15,252)
Total	**(26,017)**	**(33,525)**
Represented in the statement of profit or loss and other comprehensive income as:		
Amortisation and depreciation of non-current assets	(22,376)	(14,360)
Amortisation of assets recognised on acquisition	(3,641)	(19,165)
Total	**(26,017)**	**(33,525)**

29. OPERATING ALLOWANCES FOR LOSSES

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Pension and related liabilities	**14**	**41**

30. OTHER OPERATING INCOME AND EXPENSE

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Impairment of assets	(110,800)	-
Other items	(1)	-
Total	**(110,801)**	**-**

31. NET BORROWING COST AND OTHER FINANCIAL ITEMS

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Net borrowing costs		
Interest income	90	166
Interest expense	(15,970)	(848)
Amortisation of borrowing costs	(399)	-
Total	**(16,279)**	**(682)**

Borrowing costs capitalised to PP&E totalled US$11.6 million for the year ended 31 December 2014. Capitalised borrowing costs are deducted from the related interest expense (see Note 10).

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Other financial income and expenses		
Gains/(losses) on hedging terminated	(10,583)	-
Net translation adjustments	6,307	2,273
Other	(414)	(387)
Total	**(4,690)**	**1,886**

32. INCOME TAX

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Current tax expense	(2,067)	(18,965)
Deferred tax credit	1,168	8,160
Total	**(899)**	**(10,805)**

The reconciliation of income taxes, computed at the United Kingdom statutory rates, to income tax expense was as follows for the years ended:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Operating profit	(138,779)	23,757
Net borrowing costs	(16,279)	(2,249)
Other financial income and expenses	(4,690)	3,453
Pre-tax profit for the period of the consolidated entity	**(159,748)**	**24,961**
Standard tax rate in United Kingdom	21.5%	26.5%
Theoretical tax expense	**34,346**	**(6,615)**
Impact on theoretical tax of:		
- permanent differences between accounting and taxable profit	(34,952)	(3,726)
- standard tax differences in foreign countries	(144)	(374)
- miscellaneous items	(149)	(90)
Annual tax charge	**(899)**	**(10,805)**
Effective tax rate	**-0.6%**	**43.3%**

Income tax on the other components of comprehensive income

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Change in financial revaluation reserve for hedging financial instruments	(183)	1,775
Change in actuarial gains and losses reserve	-	(4)
	(183)	**1,771**

The above reconciling items are disclosed at the tax rates that apply in the country where they have arisen.

33. EARNINGS PER SHARE

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Basic earnings per share	**(440.99)**	**46.57**
Diluted earnings per share	**(440.99)**	**46.57**

The earnings and weighted average number of ordinary share used in the calculation of basic and diluted earnings per share are as follows:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
(Loss) /profit for the year attributable to owners of the company	(145,305)	14,985
Earnings used in the calculation of basic and diluted earnings per share	**(145,305)**	**14,985**
Weighted average number of ordinary share for the purpose of basic and diluted EPS ('000)	**329**	**322**

There were no outstanding share options as at 31 December 2014.

34. COMMITMENTS FOR EXPENDITURE

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Capital expenditure commitments		
Grande Côte Mineral Sands Operations	185	33,593
Commitments not longer than 1 year	**185**	**33,593**

As outlined in the Strategic Report, the electric furnace in TiZir Titanium & Iron AS is scheduled to be relined and the existing roof will be upgraded with a water-cooled copper-ceramic roof during the third quarter of 2015. The upgrade will increase smelting capacity by approximately 15% and lengthen periods between scheduled shutdowns. A number of health & safety and environmental improvements will also be included. The reline is part of the normal maintenance of the furnace, as the furnace lining is subject to extreme temperatures during the smelting process and therefore its integrity deteriorates over time. The current lining has lasted ten years and produced over 1,900,000 tonnes of titanium slag.

The cost of the furnace expansion will be approximately $70-80 million and the plant will be shut down for three months whilst this maintenance is performed.

35. CONTINGENT ASSETS AND LIABILITIES

The Group faces potential liabilities in respect of the Grande Côte Mineral Sands Project and has agreed that the following amounts will be payable:

- During the term of the Mining Concession and the entire period of validity of the Mining Convention an amount of US$500,000 per annum during the pre-production phase and thereafter US$400,000 per annum during the production phase on social development of local communities in the Grande Côte and surrounding region; and
- $50,000 per year of production on training of Directorate of Mines and Geology officers and logistical support to the technical services of the Ministry for Mines.

36. RELATED PARTY TRANSACTIONS

Balances and 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. Details of transactions between the Group and other related parties are disclosed below.

Transactions with related parties

(i) The Company placed cash on deposit with an Eramet group entity, Metal Securities SA at a rate of 0.75% per annum. The deposit is liquid and able to be accessed at call. This balance is included in the Group's cash and cash equivalents. At 31 December 2014 the amount held on deposit with Metal Securities SA was US$5.1 million (2013 – Nil).

The company earned US$64,196 of interest on the above deposit for the year ended 31 December 2014 (2013 – US$108,168).

(ii) As part of the agreement to establish the joint venture on 1 October 2011 with Eramet SA (the ultimate parent entity) provided a US$45.0 million subordinated loan facility before 30 June 2014.

At 31 December 2014, the Group had drawn funding from this facility of US$45.0 million (2013 – US$45.0 million). For the year ended 31 December 2014, the Group had recognised interest expenses accrued on this facility of US$2.46 million (2013 – US$0.4 million).

(iii) During the year ended 31 December 2013, the Group entered into two $40 million sub-ordinated loan agreements with its ultimate controlling parties, Mineral Deposits Limited and ERAMET SA. These loans are interest bearing at a rate of LIBOR plus 5 percent and are repayable on or before 29 September 2018. According to the loan agreements, no repayment of the loan may be made unless the Corporate Bonds issued by TiZir Limited on 29 September 2012 are fully repaid. The Group received $5 million from each controlling party (for a total loan balance of $10.0 million) as part of these loan agreements in December 2013, whilst the remaining U$70 million was received during the first half year of 2014. For the year ended 31 December 2014, the Group recognised interest expense of US$$3.8 million (2013 – Nil).

Compensation of key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	31 Dec 2014 US$'000	31 Dec 2013 US$'000
Wages and salaries	885	691
Social security costs	61	47
Other costs	112	73
	1,058	**811**

37. COMPANY

The Company has not prepared its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The loss for the year was US$139,741k (2013 - a profit of US$67,751k) which included a dividend from its subsidiary, TiZir Titanium & Iron AS, of US$18,000k which has been eliminated on consolidation from the Group's operating results.

38. EVENTS AFTER THE BALANCE SHEET DATE

To the best of Directors' knowledge, there are no events to report after the balance sheet date.

39. ULTIMATE CONTROLLING PARTY

The company does not have an ultimate controlling party.