Interim Condensed Consolidated Unaudited Financial Statements of

TiZir Limited

for the half-year ended 30 June 2020

Registered No: 07727671

This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of TiZir Limited for the year ended 31 December 2019. It is also recommended that this financial report be considered together with any public announcement made by TiZir Limited and its controlled entities during the half-year ended 30 June 2020.

*Expressed in **United States dollars** unless otherwise stated*

FORWARD-LOOKING STATEMENTS

Certain information contained in this report, including any information on TiZir Limited's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words, such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

Forward -looking statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. TiZir Limited cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of TiZir Limited to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in mining and mineral processing operations, exploration and development of mineral properties, financing risk, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of TiZir Limited. There can be no assurance that actual outcomes will not differ materially from these statements.

Except as required by applicable regulations or by law, TiZir Limited does not undertake any obligation to publicly update, review or release any revisions to any forward-looking statements to reflect new information, future events or circumstances after the date of this report.

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell publicly traded instruments of TiZir Limited.

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Directors

K Silva
T Devedjian
C Nouel
J M Fourcade
A M Le Maignan
J M Tajan

Secretary

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10 Temple Back
Bristol BS1 6FL

Registered office

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Company number

07727671

Auditor

Constantin
25 Hosier Lane
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The directors present their report and the unaudited financial statements of TiZir Limited (the **Company**) and its subsidiaries (the **Group**) for the half-year ended 30 June 2020.

Directors

The directors who served during the period and at the date of this report are:

K Silva
T Devedjian
C Nouel
J M Fourcade
A M Le Maignan
J M Tajan

Principal activities

The principal activities of the Group for the half year ended 30 June 2020 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**).

On 14 May 2020, the Company signed an agreement with Tronox Holdings plc to sell its TiZir Titanium & Iron ilmenite upgrading facility in Norway. At balance date, the sale transaction is subject to satisfactory completion of certain conditions, including obtaining regulatory approvals. At this stage, and in view of the status of the process, the Group considers the sale to be highly likely and consistent with IFRS 5 "Non-current assets held for sale and discontinued activities". As such, TTI's assets and liabilities are presented on separate lines on the balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with assets held for sale".

Operating results

TiZir Limited has announced an operating profit $22.1 million for the half-year ended 30 June 2020, compared to an operating profit of $30.4 million in the previous corresponding period.

Refer to the review of operations for further details.

Financial position

The Statement of Financial Position at 30 June 2020 comprises net assets of $263.5 million (31 December 2019 – $277.9 million) comprising:

	30 Jun 2020 US$M	31 Dec 2019 US$M	Change US$M	%
Cash balances	100.7	97.7	3.0	3.1
Working capital (net trade receivable, inventories and trade & other payables	10.6	48.2	(37.6)	(78.0)
Property, plant & equipment (including capitalised construction costs)	603.8	685.7	(81.9)	(11.9)
Intangible assets (incl. mining rights & other identifiable intangible assets recognised on acquisition)	29.8	55.7	(25.9)	(46.6)
Corporate bonds	(279.0)	(294.1)	(15.1)	(5.1)
Working capital facilities	(13.6)	(28.6)	(15.0)	(52.4)
Subordinate loans from the joint venture owners	(279.4)	(269.8)	(9.6)	3.6
Lease liabilities	(2.9)	(5.1)	2.2	(42.6)
Current and deferred tax liabilities	(2.1)	(14.9)	12.8	(86.0)
Net assets classified as held for sale and liabilities directly associated with assets classified as held for sale	96.0	-	96.0	100.0
Other net assets and liabilities	(0.2)	3.1	(3.3)	(107.4)

Cash flow

Cash balances increased by $2.9 million (excluding $4.8 million of cash balances classified as held for sale) during the half-year ended 30 June 2020 to $100.7 million (30 June 2019 – $20.6million) as a result of:

	30 Jun 2020 US$M	30 Jun 2019 US$M	Change US$M	%
Cash generated by operations (excluding interest paid to bondholders)	58.4	41.3	17.1	41.5
Interest payment to bondholders	(12.9)	(14.3)	1.4	(9.6)
Capital expenditure	(6.5)	(4.4)	(2.1)	50.2
Repayment of corporate bonds	(15.0)	-	(15.0)	100.0
Working capital facility (net of other borrowings repayment)	(13.5)	(3.7)	(9.8)	(265.2)
Cash balances classified as held for sale	(4.8)	-	(4.8)	(100.0)
Net other movements	(2.7)	1.7	(4.3)	(256.3)

Review of operations

TiZir Titanium & Iron Ilmenite Upgrading Facility, Norway

Production during 1H 2020 was consistent with 1H 2019, with only a slight decrease in titanium slag production of 2.0kt (1.9%) and HPPI production of 0.2kt (0.5%) compared to 1H 2019. Sales volumes of TTI were consistent with production figures, with titanium slag sales increasing by 3.4kt (3.5%) and HPPI sales increasing by 2.7kt (5.9%).

The following table summarises quarterly sales and production volumes for the half-year ended 30 June 2020:

100% basis		1Q 2020	2Q 2020	1H 2020	1Q 2019	2Q 2019	1H 2019
Titanium Slag							
Produced	(kt)	48.5	49.6	98.1	53.1	48.0	101.1
Sold	(kt)	51.6	48.4	100.0	39.0	57.6	96.6
High Purity Pig Iron							
Produced	(kt)	19.6	20.4	40.0	21.4	18.8	40.2
Sold	(kt)	20.8	27.5	48.3	24.0	21.6	45.6

Grande Côte Operations, Senegal

Operations at GCO exhibited further consistencies during 1H 2020 with ore mined and HMC production largely consistent with both 1H 2019 and 2H 2019. Compared to 1H 2019, ore mined was 62.0kt higher (0.3%) whilst HMC production was 7.0kt lower (1.8%) in 1H 2020.

Despite the slightly lower HMC production during 1H 2020 compared to 1H 2019, overall finished goods production was 7.6kt higher than 1H 2019 primarily as a result of higher ilmenite (6.2kt or 2.5%) and MGZS (3.5kt or 35.4%) production, offset slightly by lower zircon, rutile and leucoxene production (total decrease of 2.0kt).

In line with the slight increase in production, overall finished goods sales volumes were 6.2kt (2.2%) higher than 1H 2019. Ilmenite sales volumes were consistent with production volumes, increasing by 6.8kt (2.9%) whereas zircon sales volumes increased by 4.2kt (14.7%) despite the slight decrease in production, offsetting lower MGZS sales volumes (decline of 4.4kt or 28.2%).

The following table summarises quarterly sales and production volumes for the half-year ended 30 June 2020:

100% basis		1Q 2020	2Q 2020	1H 2020	1Q 2019	2Q 2019	1H 2019
Mining							
Ore mined	(kt)	13,145	11,196	24,341	11,456	12,822	24,278
HMC produced	(kt)	188.4	182.6	371.0	171.0	207.0	378.0
MSP production							
Ilmenite	(t)	127,876	124,372	252,248	107,746	138,317	246,063
Zircon	(t)	14,135	14,971	29,106	14,513	16,113	30,626
Medium grade zircon sands	(t)	4,190	9,218	13,408	4,757	5,147	9,904
Rutile & leucoxene	(t)	2,176	2,586	4,762	2,719	2,585	5,304
Sales volume							
Ilmenite	(t)	115,017	123,987	239,004	84,073	148,101	232,174
Zircon	(t)	17,096	15,760	32,856	12,993	15,652	28,645
Medium grade zircon sands	(t)	3,528	7,567	11,095	6,806	8,646	15,452
Rutile & leucoxene	(t)	2,220	2,480	4,700	2,370	2,790	5,160

Dividends

The directors have not recommended the payment of an interim dividend for the half-year ended 30 June 2020 (2019 – nil).

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. 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.

Interest rate risk

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. At 30 June 2020, the Company is exposed to changes in market interest rates through its lending to Group companies, which are subject to the variable interest rates.

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 a small number of large customers, the Group does not have significant credit risk exposure to a single counterparty. Concentration of credit risk related to these large customers did not exceed 20% of gross monetary assets at any time during the half-year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the half-year.

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

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.

Market

Global demand for zircon was down significantly in H1 2020. This reflected market trends in ceramics, the main end-product for zircon, which was hard hit by the COVID-19 pandemic. Q2 industrial demand for zircon was reduced in all sectors and geographies. However, initial fears of shortages accelerated import volumes. Despite decreases in production from main producers, zircon supply/demand will remain in oversupply in 2020. As a result, average zircon prices decreased 15%.

Global demand for TiO_2 pigments, the main end-market for titanium-based products, also saw a sharp slowdown in H1 2020, notably impacted by the COVID-19 pandemic (particularly in the construction and automotive industries). In parallel, supply was only slightly reduced (-2%). The supply/demand balance for titanium-based products should show an oversupply in 2020. Despite the outlook of an oversupply during the year, the average price of high value-added CP titanium dioxide slag increased by 7% in H1 2020.

Payment 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 agreed terms provided the supplier has met its contractual obligations.

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, bank loans, finance leases, overdrafts and performance guarantees. The principal purpose of these instruments is to raise funds for general corporate purposes. In addition, various other financial instruments such as trade creditors and trade debtors arise from its operations. The use of interest rate swaps and currency swaps will be used to manage interest and currency risk when necessary or material.

This report was approved by the Board on 24 July 2020 and signed on its behalf by:

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Kleber Silva

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Kleber Silva
Chairman

	Note	Half-year ended 30 Jun 2020 US$'000	30 Jun 2019 US$'000
Sales	5	**153,299**	**157,361**
Other (expenses)/income		383	(809)
Cost of products sold		(101,324)	(92,028)
Administrative and selling costs		(3,450)	(6,732)
EBITDA for the period		**48,908**	**57,792**
Amortisation and depreciation of non-current assets		(25,014)	(25,852)
Amortisation of assets recognised on acquisition		(1,360)	(1,360)
Other operating contingencies		95	(138)
Operating profit for the period		**22,629**	**30,442**
Other operating expenses		(538)	-
Operating profit for the period		**22,091**	**30,442**
Net borrowing costs	15	(23,902)	(26,964)
Other finance expenses		2,058	(1,001)
Income tax (expense)/benefit	6	(4,478)	(2,927)
Loss for the period	5	**(4,231)**	**(450)**
Attributable to non-controlling interests		712	1,658
Loss for the period attributable to equity holders of the parent		**(4,943)**	**(2,108)**
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation adjustments for financial statements of subsidiaries in a foreign currency		**(12,106)**	**6,088**
Items that will not be reclassified to profit or loss in subsequent periods:			
Change in revaluation reserve for cash flow hedging instruments		2,558	1,862
Income tax in relation to revaluation of cash flow hedging and financial instruments		(563)	(410)
		1,995	**1,452**
Total other comprehensive income for the period		(10,111)	7,540
Attributable to non-controlling interest		-	-
Other comprehensive income for the period attributable to equity holders of the parent		**(10,111)**	**7,540**
Total comprehensive income/(loss) for the period			
Attributable to equity holders of the parent		(14,342)	7,090
Attributable to non-controlling interests		712	1,658
Total comprehensive loss for the period attributable to equity holders of the parent		(15,054)	5,432
Earnings per share (US$)			
Basic earnings per share		(15.02)	(6.41)
Diluted earnings per share		(15.02)	(6.41)

Notes to the financial statements are included on pages 11 to 21.

	Note	30 Jun 2020 US$'000	31 Dec 2019 US$'000
Assets			
Non-current assets			
Intangible assets	8	29,773	55,736
Property, plant and equipment	9	603,784	685,727
Other non-current financial assets		373	596
Other non-current assets	11	2	2
Total non-current assets		**633,932**	**742,061**
Current assets			
Inventories	10	21,882	47,129
Trade and other receivables	11	33,833	64,753
Income tax receivables		-	6,068
Cash and cash equivalents	12	100,688	97,675
		156,403	**215,625**
Assets classified as held for sale	7	126,687	-
Total current assets		**283,090**	**215,625**
Total assets		**917,022**	**957,686**
Shareholders' equity and liabilities			
Share capital	13	329	329
Share premium	13	621,412	621,412
Cash flow hedging instrument revaluation reserve		314	(1,681)
Foreign currency translation reserve		(49,366)	(37,260)
Accumulated losses		(300,184)	(295,241)
Attributable to equity holders of the parent		**272,505**	**287,559**
Attributable to non-controlling interests	14	(8,975)	(9,687)
Total shareholders' equity		**263,530**	**277,872**
Liabilities			
Non-current liabilities			
Deferred tax		-	5,111
Borrowings	15	535,172	528,094
Provisions	16	603	682
Total non-current liabilities		**535,775**	**533,887**
Current liabilities			
Borrowings	15	39,780	69,482
Trade and other payables	17	45,137	63,704
Current tax payables		2,084	9,825
Derivative financial liabilities		-	2,916
		87,001	**145,927**
Liabilities directly associated with assets classified as held for sale	7	30,716	-
Total current liabilities		**117,717**	**145,927**
Total liabilities		**653,492**	**679,814**
Total shareholders' equity and liabilities		**917,022**	**957,686**

Notes to the financial statements are included on pages 11 to 21.

The financial statements were approved by the Board on 24 July 2020 and signed on its behalf by:

Kleber Silva
Chairman

Registration number 07727671

	Note	30 Jun 2020 US$'000	31 Dec 2019 US$'000
Assets			
Non-current assets			
Investments in subsidiaries		899,486	899,486
Other non-current financial assets		1	1
Loans to related parties		-	-
Total non-current assets		**899,487**	**899,487**
Current assets			
Other current assets		13	30
Cash and cash equivalents	12	79,588	84,996
Total non-current assets		**79,601**	**85,026**
Total assets		**979,088**	**984,513**
Shareholders' equity and liabilities			
Share capital	13	329	329
Share premium	13	621,412	621,412
Accumulated losses		(351,714)	(328,067)
Total shareholders' equity		**270,027**	**293,674**
Liabilities			
Non-Current Liabilities			
Borrowings	15	532,532	523,911
Other non-current liabilities	16	148,291	123,655
Total non-current liabilities		**680,823**	**647,566**
Current liabilities			
Borrowings	15	25,898	39,985
Current tax liabilities		2,084	2,423
Derivative financial liabilities		-	221
Trade and other payables	17	256	644
Total current liabilities		**28,238**	**43,273**
Total liabilities		**709,061**	**690,839**
Total shareholders' equity and liabilities		**979,088**	**984,513**

Notes to the financial statements are included on pages 11 to 21.

The financial statements were approved by the Board on 24 July 2020 and signed on its behalf by:

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Kleber Silva
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Kleber Silva
Director

Registration number 07727671

	Note	Half-year ended 30 Jun 2020 US$'000	 30 Jun 2019 US$'000
Operating activities			
Loss for the period		**(4,231)**	**(450)**
Elimination of non-cash and non-operating income and expenses:			
- Depreciation, amortisation and provisions		26,278	27,350
- Deferred tax		4,478	(323)
- Loss on disposal of fixed assets		27	-
- Foreign exchange gains		-	(364)
Cash provided by operating activities		**26,552**	**26,213**
Decrease/(increase) in inventories		1,285	(3,622)
Decrease/(increase) in trade receivables		11,618	(1,387)
Increase/(decrease) in trade payables		677	(400)
Change in other assets and liabilities		7,148	6,204
Amortisation of borrowing costs		573	1,147
Interest received		345	(925)
Tax paid		(2,019)	(223)
Net change in current operation assets and liabilities		**18,937**	**794**
Net cash provided by operating activities		**45,489**	**27,007**
Cash flows from investing activities			
Payments for non-current assets		(6,546)	(4,093)
Proceeds from sale of fixed assets		-	(264)
Dividends from associates		-	172
Interest received		345	925
Net change in current financial assets and liabilities		(2)	(6)
Net cash used in investing activities		**(6,203)**	**(3,266)**
Cash flows from financing activities			
Repayment of borrowings		(28,530)	(3,705)
Net cash used in financing activities		**(28,530)**	**(3,705)**
Net effect of cash held in foreign currency		(2,943)	572
Less cash balances classified as held for sale	7	(4,800)	-
Net increase in cash held		**3,013**	**20,608**
Opening cash and cash equivalents		**97,675**	**85,494**
Closing cash and cash equivalents	**12**	**100,688**	**106,102**

Notes to the financial statements are included on pages 11 to 21.

	Note	Half-year ended 30 Jun 2020 US$'000	30 Jun 2019 US$'000
Operating activities			
Loss for the period		**(23,649)**	**(27,209)**
Elimination of non-cash and non-operating income and expenses:			
- Income tax		953	-
- Foreign exchange gains		-	(191)
Cash used in operating activities		**(22,696)**	**(27,400)**
Increase in trade receivables		-	(446)
(Decrease)/increase in trade payables		(387)	2,241
Change in other assets and liabilities		8,594	10,444
Amortisation of borrowing costs		573	1,147
Interest received		(345)	(923)
Tax paid		(1,292)	(221)
Net change in current operation assets and liabilities		**7,143**	**12,242**
Net cash used in operating activities		**(15,553)**	**(15,158)**
Cash flows from investing activities			
Interest received		345	923
Payments from subsidiaries		24,800	33,300
Net cash provided by investing activities		**25,145**	**34,223**
Cash flows from financing activities			
Repayment of borrowings		(15,000)	-
Net cash used in financing activities		**(15,000)**	**-**
Net effect of cash held in foreign currency		-	-
Net increase in cash held		**(5,408)**	**19,065**
Opening cash and cash equivalents		**84,996**	**72,077**
Closing cash and cash equivalents	**12**	**79,588**	**91,142**

Notes to the financial statements are included on pages 11 to 21.

	Number of shares	Share capital US$'000	Share premiums US$'000	Cash flow hedging reserve US$'000	Foreign currency translation reserve US$'000	Accumulated losses 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 2019	**329,500**	**329**	**621,412**	**(3,444)**	**(40,563)**	**(275,848)**	**301,886**	**(10,483)**	**291,403**
(Loss)/profit for the half-year ended 30 June 2019	-	-	-	-	-	(2,108)	(2,108)	1,658	(450)
Exchange differences on translation of foreign subsidiaries	-	-	-	(52)	6,088	-	6,036	-	6,036
Change in hedging instruments revaluation reserve	-	-	-	1,504	-	-	1,504	-	1,504
Other components of comprehensive income/(loss)	-	-	-	1,452	6,088	-	7,540	-	7,540
Total comprehensive income/(loss)	**-**	**-**	**-**	**1,452**	**6,088**	**(2,108)**	**5,432**	**1,658**	**7,090**
Shareholders' equity at 30 June 2019	**329,500**	**329**	**621,412**	**(1,992)**	**(34,475)**	**(277,956)**	**307,318**	**(8,825)**	**298,493**
Shareholders' equity at 1 January 2020	**329,500**	**329**	**621,412**	**(1,681)**	**(37,260)**	**(295,241)**	**287,559**	**(9,687)**	**277,872**
(Loss)/profit for the half-year ended 30 June 2020	-	-	-	-	-	(4,943)	(4,943)	712	(4,231)
Exchange differences on translation of foreign subsidiaries	-	-	-	1,079	(12,106)	-	(11,027)	-	(11,027)
Change in hedging instruments revaluation reserve	-	-	-	916	-	-	916	-	916
Other components of comprehensive income/(loss)	-	-	-	1,995	(12,106)	-	(10,111)	-	(10,111)
Total comprehensive income/(loss)	**-**	**-**	**-**	**1,995**	**(12,106)**	**(4,943)**	**(15,054)**	**712**	**(14,342)**
Shareholders' equity at 30 June 2020	**329,500**	**329**	**621,412**	**314**	**(49,366)**	**(300,184)**	**272,505**	**(8,975)**	**263,530**

Notes to the financial statements are included on pages 11 to 21.

1. GENERAL INFORMATION

TiZir Limited (the **Company**) is a limited company incorporated in England & Wales. The ultimate parent entity of the Company is ERAMET SA. The addresses of its registered office and principal place of business are included in the Corporate Data.

The interim condensed consolidated unaudited financial statements as at and for the half-year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 24 July 2020.

2. STATEMENT OF COMPLIANCE

The interim condensed consolidated unaudited financial statements for the half-year ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

3. BASIS OF PREPARATION

The interim condensed consolidated unaudited 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.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated unaudited financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that had been issued but not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

4. 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:

4.1 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 and decommissioning, 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.

4.2 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 recognized which may impact the Group's income statement.

4.3 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.

5. SEGMENT REPORTING

The Group's operating segments reflect the approach of the directors of the Company towards evaluating the financial performance and allocating resources to the Group's operations. The directors of the Company have been identified as the chief operating decision making group.

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

- upgraded ilmenite products; and
- 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 Half-year ended		Segment Profit/(Loss) Half-year ended	
	30 Jun 2020 US$'000	**30 Jun 2019 US$'000**	**30 Jun 2020 US$'000**	**30 Jun 2019 US$'000**
Upgraded ilmenite products	91,321	90,435	13,597	11,371
Extracted mineral sands products	61,978	66,926	6,882	16,218
Total	**153,299**	**157,361**	**20,479**	**27,589**
Administration costs			(312)	(2,218)
Other finance expenses			(22,384)	(24,767)
Unallocated depreciation and amortisation of non-current assets			-	-
Amortisation of non-current assets recognised on acquisition			(1,360)	(1,360)
Income tax on amortisation of non-current assets recognised on acquisition			299	306
Unallocated income tax expense			(953)	-
Profit/(loss) for the period			**(4,231)**	**(450)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

Segment revenue reported above represents revenue generated from external customers. There were inter-segment ilmenite sales of $36.2million during the period which were eliminated on consolidation and therefore not included in the above segment analysis (2019 – $25.5 million).

Segment profit represents the profit 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. Segment profit 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

The following is an analysis of the Group's assets and liabilities by reportable segment:

	30 Jun 2020 US$'000	31 Dec 2019 US$'000
Segment assets		
Upgraded ilmenite products	-	140,158
Extracted mineral sands products	699,252	710,299
Total segment assets	**699,252**	**850,457**
Assets classified as held for sale (see note 7)	126,687	-
Unallocated	91,083	107,229
Total consolidated assets	**917,022**	**957,686**
Segment liabilities		
Upgraded ilmenite products	-	53,877
Extracted mineral sands products	62,422	57,197
Total segment liabilities	**62,422**	**111,074**
Liabilities directly associated with assets classified as held for sale	30,716	-
Unallocated	560,354	568,740
Total consolidated liabilities	**653,492**	**679,814**

6. INCOME TAX

The Group calculates the income tax expense for the half-year using the applicable tax rates for each group entity that would be expected to be levied against total annual earnings.

The major components of income tax expense in the interim condensed income statement are:

	Half-year ended	
	30 Jun 2020 US$'000	30 Jun 2019 US$'000
Income tax expense		
Current income tax expense	(4,710)	308
Deferred income tax expense related to origination and reversal of deferred taxes	232	(3,235)
Total	**(4,478)**	**(2,927)**

7. DISPOSAL OF SUBSIDIARY

On 14 May 2020, the Company signed an agreement with Tronox Holdings plc to sell its TiZir Titanium & Iron ilmenite upgrading facility in Norway. At balance date, the sale transaction is subject to satisfactory completion of certain conditions, including obtaining regulatory approvals. At this stage, and in view of the status of the process, the Group considers the sale to be highly likely and consistent with IFRS 5 "Non-current assets held for sale and discontinued activities". As such, TTI's assets and liabilities outlined below are presented on separate lines on the balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with assets held for sale".

	30 Jun 2020 US$'000
Assets classified as held for sale	
Intangible assets	16,823
Property, plant and equipment	58,058
Other non-current financial assets	201
Inventories	21,465
Trade and other receivables	19,824
Income tax receivables	5,516
Cash and cash equivalents	4,800
Total assets classified as held for sale	**126,687**

	30 Jun 2020 US$'000
Liabilities directly associated with assets classified as held for sale	
Deferred tax liabilities	4,533
Borrowings – current	320
Borrowings – non-current	1,333
Trade and other payables	13,247
Current tax payables	10,076
Derivative financial liabilities	1,207
Total liabilities directly associated with assets classified as held for sale	**30,716**

8. INTANGIBLE ASSETS

	Gross value US$'000	Amortisation US$'000	Impairment US$'000	Net value 30 Jun 2020 US$'000	Net value 31 Dec 2019 US$'000
By category					
Capitalised mining convention costs	111,832	(1,332)	(108,400)	2,100	2,134
Mine development expenditure	51,590	(11,576)	(12,907)	27,107	28,202
Other intangible assets	1,207	(641)	-	566	25,400
Total	**164,629**	**(13,549)**	**(121,307)**	**29,773**	**55,736**

	30 Jun 2020	31 Dec 2019
Changes over the period		
At beginning of the period	55,736	49,714
Capital expenditure during the period	-	10,291
Disposals during the period (i)	(5,481)	-
Amortisation expenses during the period	(2,117)	(4,207)
Intangibles assets reclassified as assets held for sale	(16,823)	-
Translation adjustments	(1,542)	(62)
At end of the period	**29,773**	**55,736**

(i) Disposals for the period relate to use of CO_2 quotas during the period and have been offset against trade payables owing for CO_2 emissions.

There were no impairment losses recognised in relation to intangible assets of the Group for the half-year ended 30 June 2020 (2019 – nil).

Mine development expenditure relates exclusively to GCO. Other intangible assets comprise computer software that are being amortised over their useful economic lives of between 2.5 to 20 years.

9. PROPERTY, PLANT AND EQUIPMENT

	Gross value US$'000	Depreciation US$'000	Net value 30 Jun 2020 US$'000	Net value 31 Dec 2019 US$'000
By category				
Land and buildings	16,518	(2,498)	14,020	52,213
Industrial and mining facilities	713,888	(156,197)	557,691	599,675
Other property, plant and equipment	54,880	(33,152)	21,728	23,892
Capital spare parts	6,976	(1,687)	5,289	4,877
Work in progress	5,056	-	5,056	5,070
Total	**797,318**	**(193,534)**	**603,784**	**685,727**

	30 Jun 2020	31 Dec 2019
Changes over the period		
At beginning of the period	685,727	739,145
Initial recognition of right-of-use assets in accordance of IFRS 16	-	4,074
Capital expenditure during the period	6,546	14,378
Additions to property, plant and equipment through operating leases	-	1,761
Disposals during the period	(27)	(23,893)
Transfer of inventory to capital spare parts during the period	-	646
Depreciation during the period	(24,257)	(49,775)
Property, plant and equipment reclassified as assets held for sale	(58,058)	-
Translation adjustments	(6,147)	(609)
At end of the period	**603,784**	**685,727**

There were no impairment losses recognised in relation to property, plant and equipment of the Group for the half-year ended 30 June 2020 (2019 – nil).

Land and buildings include non-depreciating freehold land amounting to U$15.5 million (2019: US$15.5 million).

10. INVENTORIES

	30 Jun 2020 US$'000	31 Dec 2019 US$'000
By category		
Raw materials	-	9,326
Merchandise and finished products	6,755	14,112
Work in progress and semi-finished products	2,838	6,327
Consumables and spare parts	23,467	28,240
Provision for obsolescence	(11,178)	(10,876)
Total	**21,882**	**47,129**
Changes over the period		
At beginning of the period	47,129	46,916
Changes in working capital requirement	(983)	2,525
Provision for obsolescence	(302)	(1,420)
Transfer of inventory to capital spare parts	-	(646)
Inventories reclassified as assets held for sale	(21,465)	-
Translation adjustments and other movements	(2,497)	(246)
At end of the period	**21,882**	**47,129**

A provision for obsolescence of US$0.3 million was recognised for the half year ended 30 June 2020 (31 December 2019 – US$0.6 million) in respect of write downs of consumables and spare parts to net realisable value.

11. TRADE AND OTHER RECEIVABLES

	30 Jun 2020 US$'000	31 Dec 2019 US$'000
By category		
Trade receivables	22,358	61,122
Payroll and tax receivables	247	634
Prepayments	5,620	1,710
Other operating receivables	5,610	1,289
Total	**33,835**	**64,755**
Represented in the statement of financial position as:		
- Current assets	33,833	64,753
- Non-current assets	2	2
Changes over the period		
At beginning of the period	64,755	57,189
Changes in working capital requirement	(8,199)	7,819
Trade and other receivables reclassified as assets held for sale	(19,824)	-
Translation adjustments	(2,897)	(253)
At end of the period	**33,835**	**64,755**

During the six months ended 30 June 2020, the Company did not recognise an allowance for impairment of trade receivables (2019 – nil).

12. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	30 Jun 2020 US$'000	31 Dec 2019 US$'000	30 Jun 2020 US$'000	31 Dec 2019 US$'000
By category				
Cash	**100,688**	**97,675**	**79,588**	**84,996**

Cash includes cash on hand and at bank. Cash and cash equivalents of US$4.8 million held by TTI has been excluded from the above balance and included in assets classified as held for sale as outlined in note 7. 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 U56.4 million (31 December 2019: U$41.4 million) available as unutilised borrowings with financial institutions and the Sponsors, subject to satisfactory fulfilment of facility conditions.

13. SHAREHOLDERS' EQUITY

The share capital is comprised of 329,500 ordinary shares held by Eralloys Holding AS and MDL (Mining) Limited who hold 164,750 shares each.

	30 Jun 2020 US$'000	31 Dec 2019 US$'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 30 June 2020/31 December 2019	**329**	**329**	**621,412**

There were no shares issued by the Company during the half-year ended 30 June 2020.

Fully paid ordinary shares have a par value of $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 30 June 2020 is equal to the amount of shares allotted to date.

The Company did not issue any share options or other instruments relating to rights over the Company's equity during the half-year ended 30 June 2020.

14. ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

	% of non-controlling interests	30 Jun 2020 Profit/(loss) US$'000	30 Jun 2020 Net value US$'000	31 Dec 2019 Net value US$'000
Grande Côte Operations SA	10	**712**	**(8,975)**	**(9,687)**
Changes over the period				
At beginning of the period			(9,687)	(10,483)
Profit/(Loss) for the period			712	782
Translation adjustments			-	14
At end of the period			**(8,975)**	**(9,687)**

Non-controlling interests reflects 10% ownership of GCO by the Government of the Republic of Senegal.

15. BORROWINGS

	Consolidated		Company	
	30 Jun 2020 US$'000	31 Dec 2019 US$'000	30 Jun 2020 US$'000	31 Dec 2019 US$'000
Current				
Bonds (i)	15,000	30,000	15,000	30,000
Bonds – borrowing costs at amortised cost (i)	(588)	(2,155)	(588)	(2,155)
Accrued interest payable	11,486	12,140	11,486	12,140
Operating lease liabilities	291	922	-	-
Operating lines of credit (ii)	13,591	28,575	-	-
Total current borrowings	**39,780**	**69,482**	**25,898**	**39,985**
Non-current				
Bonds (i)	255,000	255,000	255,000	255,000
Bonds – borrowing costs at amortised cost (i)	(1,914)	(918)	(1,914)	(918)
Operating lease liabilities	2,640	4,183	-	-
Subordinated loans from related parties (iii)	279,446	269,829	279,446	269,829
Total non-current borrowings	**535,172**	**528,094**	**532,532**	**523,911**
Total borrowings	**574,952**	**597,576**	**558,430**	**563,896**

(i) As announced on 5 July 2017, TiZir successfully completed a new 9.5%, $300 million senior secured bond issue with maturity scheduled in July 2022. The proceeds were primarily used to refinance the $275 million senior secured bonds that matured in September 2017. The new bond issue is secured by a share pledge agreement, namely TiZir's 100% interest in both TiZir Titanium & Iron AS and TiZir Mauritius Limited (which holds 90% of Grande Côte Operations SA) and matures on 19 July 2022, and assignment agreement, whereby security is held over the intercompany receivables of TiZir Titanium & Iron AS and TiZir Mauritius Limited. In addition, TiZir Titanium & Iron AS and TiZir Mauritius Limited have provided an on-demand guarantee in favour of Nordic Trustee ASA, on behalf of the bondholders, for the full loan amount including any interest costs and expenses.

The newly issued bonds include an amortisation mechanism for partial repayment of six semi-annual instalments of $15 million each at 100% of nominal value commencing on 19 July 2019. All outstanding bonds following the final semi-annual instalment on 19 January 2022 will be redeemed in full on 19 July 2022.

Interest charged on the senior secured corporate bond issue for the half year ended 30 June 2020 was $12.9 million. (30 June 2019: $14.2 million).

Capitalised borrowing costs are amortised over the life of the bond, which matures in 19 July 2022, using the effective interest rate method.

On 14 May 2020, the Company signed an agreement with Tronox Holdings plc to sell its TiZir Titanium & Iron ilmenite upgrading facility in Norway. At balance date, the sale transaction is subject to satisfactory completion of certain conditions, including obtaining regulatory approvals. This transaction includes assets of the Group that are held as security for the senior secured bonds. Under clause 10.3 of the bond terms, sale of assets used as security for the underlying borrowings represents a mandatory prepayment event. Further information in relation to the terms of the mandatory prepayment offer will be made available to bondholders upon completion of the transaction.

(ii) Operating lines of credit are secured by stocks and receivables held at GCO and TTI. During the half year ended 30 June 2020, TTI repaid their operating line of credit in full.

(iii) The table below outlines the subordinated loans from related parties at:

	30 Jun 2020 US$'000	31 Dec 2019 US$'000
Non-current		
ERAMET SA – establishment loan (a)	68,077	65,899
ERAMETSA – subordinated loans (b)	105,656	101,937
Mineral Deposits Limited - subordinated loans (c)	105,713	101,993
Total subordinated loans	**279,446**	**269,829**

(a) As part of the agreement to establish the joint venture on 1 October 2011, ERAMET agreed to provide a $45.0 million subordinated loan facility to TiZir, which was contributed during 2013. Interest on the subordinated loan facility is accrued at LIBOR (six months) plus five per cent and was repayable on 23 October 2017. For the half year ended 30 June 2020, interest of $2.2 million (30 June 2019 – $2.3 million) accrued on this facility.

(b) During the period from the year ended 31 December 2013 to the year ended 31 December 2016, TiZir entered into a number of subordinated loan agreements with ERAMET, totalling $105.7 million. These loans are interest bearing at a rate of LIBOR (three months) plus five percent ($76.4 million) or LIBOR (three months) plus seven percent ($29.3 million) and were repayable on 28 September 2018. For the half year ended 30 June 2020, interest of $3.7 million (30 June 2019 – $3.9 million) accrued on this facility.

(c) During the period from the year ended 31 December 2013 to the year ended 31 December 2016, TiZir entered into a number of subordinated loan agreements with MDL, totalling $105.7 million. These loans are interest bearing at a rate of LIBOR (three months) plus five percent ($76.4 million) or LIBOR (three months) plus seven percent ($29.3 million) and are repayable on 28 September 2018. For the half-year ended 30 June 2020, interest of $3.7 million (30 June 2019 – $3.9 million) accrued on this facility.

Under the terms of the senior secured corporate bonds issued by TiZir on 19 July 2017, no repayments of subordinated loans have been made during the period.

	Consolidated		Company	
	30 Jun 2020 US$'000	31 Dec 2019 US$'000	30 Jun 2020 US$'000	31 Dec 2019 US$'000
By maturity				
Less than one year	39,780	69,482	25,898	39,985
One to five years	535,172	528,094	532,532	523,911
	574,952	**597,576**	**558,430**	**563,896**
By interest rate				
Fixed interest rates				
- Under 5.0%	13,591	13,593	-	-
- Over 5.0%	281,915	294,067	278,984	294,067
	295,506	**307,660**	**278,984**	**294,067**
Variable interest rate				
- Under 5.0%	-	20,087	-	-
- Over 5.0%	279,446	269,829	279,446	269,829
	279,446	**289,916**	**279,446**	**269,829**
	574,952	**597,576**	**558,430**	**563,896**

The following table reconciles net borrowing costs and other financial items recognised as an expense in the statement of profit and loss and other comprehensive income.

	30 Jun 2020 US$'000	30 Jun 2019 US$'000
Consolidated		
Net borrowing costs		
Interest income	(345)	(876)
Interest expense – operating lines of credit	906	2,087
Interest expense – subordinated loans from joint venture sponsors	9,617	10,185
Interest expense – secured bond	12,884	14,226
Interest expense – lease liabilities	268	195
Amortisation of borrowing costs	572	1,147
	23,902	**26,964**

16. OTHER NON-CURRENT LIABILITIES

	Consolidated		Company	
	30 Jun 2020 US$'000	31 Dec 2019 US$'000	30 Jun 2020 US$'000	31 Dec 2019 US$'000
Provisions – employee entitlements (i)	547	488	-	-
Provisions - other	56	194	-	-
Advances from TiZir Mauritius Limited (ii)	-	-	118,875	94,075
Advance from TiZir Titanium & Iron AS (iii)	-	-	29,416	29,580
	603	**682**	**148,291**	**123,655**

	Consolidated	
	30 Jun 2020 US$'000	31 Dec 2019 US$'000
(i) **Changes over period – provision for employee entitlements**		
At beginning of the period	488	520
Provision recognised during the period	59	82
Amount recognised directly in equity in accordance with IAS19	-	(138)
Translation adjustments and other movements	-	24
At end of the period	**547**	**488**

(ii) During the half-year, the Company received US$24,800,000 (2019 - US$30,000,000) from TiZir Mauritius Limited as support for the payment of the Company's bond obligations.

(iii) Advances from TiZir Titanium & Iron AS relate to group cash pooling for group funding purposes.

17. TRADE AND OTHER PAYABLES

	Consolidated		Company	
	30 Jun 2020 US$'000	31 Dec 2019 US$'000	30 Jun 2020 US$'000	31 Dec 2019 US$'000
By category				
Trade payables	24,243	31,496	256	644
Tax and payroll liabilities	20,894	18,668	-	-
Other operating liabilities	-	13,540	-	-
	45,137	**63,704**	**256**	**644**
Changes over the period				
At beginning of the period	63,704	63,995	644	8,784
Changes in working capital requirement	2,989	25	(388)	(8,137)
Use of CO2 quotas during the period	(5,481)	-	-	-
Trade and other payables classified as liabilities directly associated with assets held for sale	(13,247)	-	-	-
Translation adjustments and other movements	(2,827)	(316)	-	(3)
At end of the period	**45,137**	**63,704**	**256**	**644**

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

18. FINANCIAL COMMITMENTS

TiZir Titanium & Iron and TiZir Mauritius Limited have provided a guarantee which is described in Note 15.

The Group faces future liabilities in respect of the Grande Côte Mineral Sands Project and has agreed that the following amounts will become 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
- US$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.

Other than the above, there are no other further outstanding commitments as at 30 June 2020.

19. 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.

Loans between the Company and its related parties

	Balances	
	30 Jun 2020 US$'000	**31 Dec 2019 US$'000**
Subordinated loans – joint venture sponsors		
ERAMET SA	173,733	167,836
Mineral Deposits Limited	105,713	101,993
	279,446	**269,829**
Changes over period:		
At beginning of the period	269,829	249,623
Accrued interest payable	9,617	20,206
At end of period	**279,446**	**269,829**

Loan transactions with related parties

(i) As part of the agreement to establish the joint venture on 1 October 2011 ERAMET SA agreed to provide a $45.0 million subordinated loan facility which was contributed during the year ended 31 December 2013. Interest on subordinate loan facility is accrued at LIBOR 6 months plus five percent. For the half-year ended 30 June 2020, interest of US$2,178,429 (30 June 2019 – US$2,336,405) accrued on this facility. The interest was recognised as an expense in the statement of profit and loss and other comprehensive income.

(ii) During the year ended 31 December 2013, the Group entered into two $40 million sub-ordinated loan agreements with Mineral Deposits Limited and ERAMET SA. These loans are interest bearing at a rate of LIBOR 3 months plus five percent. For the half-year ended 30 June 2020, interest of US$3,869,511 (30 June 2019 – US$4,150,351) accrued on this facility. The interest was recognised as an expense in the statement of profit and loss and other comprehensive income.

(iii) During the year ended 31 December 2015, the Company entered into two new subordinate loan agreements with Mineral Deposits Limited and ERAMET SA as follows:

- $25.0 million ($12.5 million each) subordinate loan agreement dated 21 September 2015. These loans are interest bearing at a rate of LIBOR 3 months plus five percent. For the half-year ended 30 June 2020, interest of US$1,112,344 accrued on this facility (30 June 2019 – US$1,193,031). The interest was recognised as an expense in the statement of profit and loss and other comprehensive income; and

- $6.0 million ($3.0 million each) subordinate loan agreement dated 22 December 2015. These loans are interest bearing at rate of LIBOR 3 months plus seven percent. For the half-year ended 30 June 2020, interest of US$370,896 accrued on this facility (30 June 2019 – US$378,145). The interest was recognised as an expense in the statement of profit and loss and other comprehensive income.

(iv) During the year ended 31 December 2016, the Company entered into two new subordinate loan agreements with Mineral Deposits Limited and ERAMET SA as follows:

- $3.6 million ($1.8 million each) subordinate loan agreement dated 6 April 2016. These loans are interest bearing at a rate of LIBOR 3 months plus seven percent. For the half-year ended 30 June 2020, interest of US$219,674 accrued on this facility (30 June 2019 – US$223,967). The interest was recognised as an expense in the statement of profit and loss and other comprehensive income; and

- $60.0 million ($30.0 million each) subordinate loan agreement dated 6 July 2016. These loans are interest bearing at rate of LIBOR 3 months plus seven percent. For the half-year ended 30 June 2020, interest of US$1,865,808 accrued on this facility (30 June 2019 – US$1,902,278). The interest was recognised as an expense in the statement of profit and loss and other comprehensive income.

Under the terms of the respective subordinate loan agreements, no repayment of the loans may be made until the first amortisation payment on 19 July 2019 is made towards the Corporate Bonds issued by TiZir on 19 July 2017.

Transactions with related parties

Effective from 1 January 2019, the Company's two subsidiaries, Grande Côte Operations SA and TiZir Titanium & Iron AS entered into separate management fee agreements with the Company's Ultimate Controlling Entity ERAMET AS. These management fee agreements replaced the previous management fee agreement entered into by the Company on 1 October 2018.

The management fee charged by ERAMET SA to Grande Côte Operations SA for the half year ended 30 June 2020 was $2,011,301 (30 June 2020: US$Nil) and is related to group financial reporting, administration and corporate overheads incurred by ERAMET SA.

There was no management fee charged by ERAMET SA to TTI during the half year ended 30 June 2020 due to the impending sale transaction as outlined in Note 7.

	Transactions		Balances	
	30 Jun 2020 US$'000	**30 Jun 2019 US$'000**	**30 Jun 2020 US$'000**	**31 Dec 2019 US$'000**
Management fees payable by TiZir Limited:				
ERAMET SA	-	2,573	-	-
Mineral Deposits Limited	-	-	-	-
	-	**2,573**	**-**	**-**
Management fees payable to Eramet SA by:				
Grande Côte Operations SA	2,011	-	3,900	3,141
TiZir Titanium & Iron AS	-	-	-	957
	2,011	**-**	**3,900**	**4,098**

20. COMPENSATION OF KEY PERSONNEL

There were no key management personnel employed during the period. Directors of the Company did not receive any remuneration during the half-year ended 30 June 2020 (30 June 2019 – nil).

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is ERAMET SA, whose registered address is 10, boulevard de Grenelle, CS 63205, 75015 Paris, FRANCE.