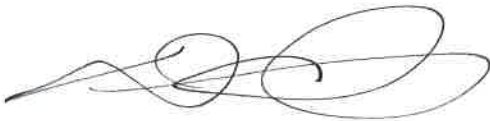




Notice to the Singapore Stock Exchange
26 March 2014

December 2013 Year End Report

Attached is Cristal Mining Australia Limited's December 2013 Year End Report.



Dean Grondal
Company Secretary
www.cristalmining.com

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Brilliance inspired by titanium

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

and its controlled entities

ABN 60 009 247 858

Full Year Financial Report

31 December 2013

Table of Contents:

- Directors' report
- Auditor's independence declaration
- Statement of comprehensive income
- Statement of financial position
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- Independent Auditor's report

Cristal Mining Australia Limited (formerly Bemax Resources Limited)
and its controlled entities
ACN 009 247 858

Directors' Report

The directors present their report together with the consolidated financial report of Cristal Mining Australia Limited (formerly Bemax Resources Limited) (the "Company") and its controlled entities (together referred to as the "Group") for the financial year ended 31 December 2013, and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Dr Talal Al-Shair Chairman	Appointed February 2010
Mr D Manganaro Executive Director	Appointed May 2008, resigned February 2010, and reappointed March 2010
Mr J Nahas Non-Executive Director	Appointed February 2010
Mr A Ibrahim Non-Executive Director	Appointed February 2010
Mr C Cook Non-Executive Director	Appointed June 2012

2. Company Secretary

Mr Dean Grondal LLB (Hons), Bcom, is the Company Secretary of the Group.

3. Principal Activities

The principal activities of the Group in the course of the financial year were mineral exploration, development of mineral tenements, mining mineral sands, processing mineral sands and sale of separated mineral sands products.

The Group's primary objectives are to:

- Meet the highest standards of environmental, safety and quality management;
- Be a market leader in quality and supply capability;
- Maximise the performance of mining operations in the Murray Basin and the Mineral Separation Plant ("MSP") at Broken Hill;
- Optimise the return from Cable Sands mining operations in WA;
- Maximise throughput of the Bunbury MSP; and
- Continue a significant exploration effort in the Murray Basin.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Directors' Report (continued)

4. Review and Results of Operations

Consolidated	31 Dec 2013 12 months	31 Dec 2012 12 months	31 Dec 2011 12 months	31 Dec 2010 12 months	31 Dec 2009 12 months
Net Profit/(Loss) (\$ 000s)	5,825	51,216	68,534	7,627	(11,992)
Dividends paid (\$ 000s)	Nil	29,169	Nil	Nil	Nil

Net profit / (loss) amounts have been calculated in accordance with Australian Accounting Standards (AASBs).

4.1 Company Overview

The statement of comprehensive income shows a consolidated net profit after tax for the Group for the year ended 31 December 2013 of \$5,825,000 compared with \$51,216,000 for the year ended 31 December 2012.

During 2013, the following items had a significant impact on the financial results:

- a 50% decrease in average FOB price of Zircon partially offset by a 200% increase in sales tonnages of Zircon in 2013 versus 2012
- a 23% decrease in average FOB price of Rutile, partially offset by a 17% increase in sales tonnages of Rutile in 2013 versus 2012.

Revenue of the Group for the year ended 31 December 2013 was \$333,766,000 compared with \$280,368,000 for the year ended 31 December 2012.

4.2 Production

Murray Basin Operations

Production statistics for the year are as follows:

	2013 (tonnes)	2012 (tonnes)	2011 (tonnes)	2010 (tonnes)	2009 (tonnes)
Ore mined	20,872,146	17,325,619	13,367,609	6,285,591	10,782,055
HMC produced	660,641	507,981	619,662	639,969	393,767
Product					
- Zircon	56,899	46,677	46,647	32,564	48,355
- Rutile	93,997	80,399	111,212	84,863	56,604
- Murray Basin Ilmenite	163,479	151,336	226,844	239,355	128,769
- Other Titanium Minerals	174,516	107,179	139,070	127,053	99,470

During the year ended 31 December 2013 there was a 20% increase in throughput compared to the same period last year due to a 13% increase in onstream time with the Snapper dredge as commissioning issues have been addressed and the Dry Titan Mining Unit operating for the whole period (i.e. commissioned in May 2012). The above mentioned increased throughput at Snapper and better ore grades at Ginkgo as we advance further to the south along the return path have resulted in 30% more HMC produced compared to the same period last year. MB Ilmenite production has increased due to start up of commissioning of the new BHT Ilmenite Plant. There was a 16% increase in Non Magnetic Concentrate processed in Bunbury due to better availability of feed supply shipped from Adelaide which resulted in the increase in Rutile production. However Zircon production increased by 22% due to a change in the mineral assemblages.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Directors' Report (continued)

Western Australian Operations

Production statistics for the year are as follows:

	2013 (tonnes)	2012 (tonnes)	2011 (tonnes)	2010 (tonnes)	2009 (tonnes)
Ore mined	827,929	1,400,867	1,466,303	1,277,831	1,610,331
HMC produced	43,917	90,600	123,505	130,937	197,198
Product					
- Zircon	5,540	6,223	9,958	15,468	13,983
- Rutile	-	-	-	-	-
- Other Titanium Minerals	52,477	52,521	124,158	143,013	115,478

During the year ended 31 December 2013 ore mined was less than the same period last year due to cessation of mining at Gwindinup North on 31 October 2012 and commencement of mining at the new Wonnerup mine in late May 2013. Production of finished goods during the year ended 31 December 2013 was largely in line with the 2012 results with approximately two thirds coming from the 2012 Gwindinup HMC stockpile with a further 18,873t of predominantly Ilmenite being produced from the first separation of Wonnerup HMC during the final four months of the year.

Exploration & Development

Exploration and Development during the year ended 31 December 2013 has been focused on the two major feasibility studies of Atlas – Campaspe and Crayfish in the Murray Basin.

The Atlas – Campaspe project pre-feasibility activities have advanced to 95% completion. Infill drilling, assaying and resource modeling has been completed. Hydrological and metallurgical test work has been completed over both deposits. Mine planning studies have been completed. A financial analysis for the project including scoping engineering studies was submitted for internal approval on 30 June 2012 and was subsequently accepted to proceed with regulatory approval. The Environmental Impact Statement (EIS) document was submitted to the NSW Department of Planning and Infrastructure in February 2013 and was on exhibition until the end of July 2013. Cristal Mining's Response to Exhibition Submissions has been completed and submitted to the DP&I. Development consent approval is expected to be finalised by the end of June 2014.

The Crayfish project pre-feasibility activities have advanced to 97% completion. Drilling, assaying, resource modeling and optimization work have been completed. Spiral testwork on bulk samples has indicated good recoveries. Mine planning and engineering scoping studies have been completed. A formal submission to the NSW Department of Planning and Infrastructure was submitted in December 2012 for development of the Crayfish deposit near the existing Ginkgo mine and is proceeding through the approvals process. Development consent is progressing and expected to be finalised by the end of June 2014.

Construction of Cristal Mining's new 400,000TPA Ilmenite Upgrade Plant located at Broken Hill commenced in July 2012. Commissioning on ore feed stock and BHT production commenced in March 2013. Design capacity has been demonstrated with several shipments of BHT products to customers already completed.

In the West, the Wonnerup Mine Project commenced production in May 2013 and following a period of commissioning is now operating at design parameters. Following the completion of a small program of assay drilling and a new optimisation study the Mining Reserve has been increased by 55,000 tonnes of HM for approximately 6-months of additional mining.

Infill drilling and assaying were also completed at the Wonnerup South Project and an updated Resource model and financial evaluation is due to commence. All results appear in line with expectations. All environmental studies were completed and the Mining Proposal was submitted to DMP. Approval for the Wonnerup South Project is being targeted for 2014.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Directors' Report (continued)

Exploration & Development (continued)

An initial program of infill drilling was completed for all properties at the Wonnerup North project. Assaying was completed in December 2013 and the Resource model updated. A second stage of infill drilling is planned for early 2014 to expand and improve the old Resource Model.

5. Environmental Regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its mining activities and the rehabilitation of mine sites. Licence requirements relating to waste disposal, water and air pollution exist in relation to both mining and processing activities.

The Group is committed to achieving a high standard of environmental performance. There is a structured monitoring program to measure performance against licence requirements and company commitments. Performance against licence conditions and industry standards is regularly reported to the various State and Federal regulators.

The Board is not aware of any significant environmental incidents during the period covered by this report. Compliance with the requirements of environmental regulations and the specific requirements of site environmental licences was substantially achieved across all operations.

6. Conflict of Interest

Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned is not present at the meeting whilst the item is considered. Details of director-related entity transactions with the Company and its controlled entities are set out in Note 31.

7. Likely Developments

The Group will continue to pursue its policy of increasing the profitability of the Group's mineral sands operations. The Group's focus in 2014 will be to develop future mines and mineral resources in both the Murray Basin and Western Australia to maintain output.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

8. Significant Changes in the State of Affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to above and in the financial statements or notes thereto.

9. Dividends

No dividends have been paid or declared by the Company to members since the end of the previous financial year (2012: \$29,168,830).

10. Events subsequent to reporting date

There are no events subsequent to reporting date.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Directors' Report (continued)

11. Indemnification and Insurance of Officers and Auditors

11.1 Indemnification

The Company has agreed to indemnify each person who is or has been a director, officer or agent of the Company and the Company Secretary, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as director, officer or agent of the Company and its controlled entities, except where the liability arises out of conduct involving lack of good faith. The Company is required to meet the full amount of any such liabilities, including costs and expenses.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

11.2 Insurance Premiums

Since the end of the previous financial year the Group has paid insurance premiums in respect of directors' and officers' liability, supplementary legal expenses and employment practices insurance contracts, for current and former directors and officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities. The insurance relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

12. Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company and its controlled entities were not parties to any such proceedings during the period.

13. Auditor's Independence

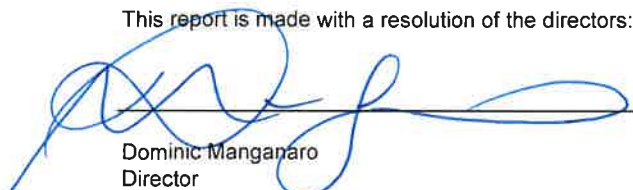
A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 6 and forms part of the directors' report for the year ended 31 December 2013.

Details of amounts paid or payable to the auditors of the Group for audit and non-audit services provided during the year are set out in Note 6 to the financial statements.

14. Rounding off

Amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:



Dominic Manganaro
Director

Dated at Perth this 24th day of March 2014

The Board of Directors
Cristal Mining Australia Limited
PO Box 133
Bunbury WA 6231

24 March 2014

Dear Board Members

Independence Declaration –Cristal Mining Australia Limited (formerly Bemax Resources Limited)

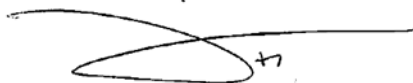
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cristal Mining Australia Limited (formerly Bemax Resources Limited).

As lead audit partner for the audit of the financial statements of Cristal Mining Australia Limited (formerly Bemax Resources Limited) for the financial year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

		Consolidated	
		2013	2012
<i>In thousands of AUD</i>	Notes		
Revenue		333,766	280,368
Cost of sales		(296,654)	(185,067)
Gross profit		37,112	95,301
Other income	3	4,889	193
Administrative expenses		(8,230)	(7,259)
Other expenses	4	(1,001)	(884)
Profit from operating activities		32,770	87,351
Finance income	7	88	816
Finance expenses	7	(23,235)	(21,059)
Net finance expense		(23,147)	(20,243)
Profit before tax		9,623	67,108
Income tax expense	8	(3,798)	(15,892)
Profit for the year		5,825	51,216
Other Comprehensive Income / (Loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value (losses) / gains on cash flow hedges of senior notes		(27,834)	2,710
Income tax benefit / (expense) relating to components of comprehensive income	8	8,350	(1,374)
Other comprehensive income for the year net of tax		(19,484)	1,336
Total comprehensive income for the year		(13,659)	52,552

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Statement of Financial Position

As at 31 December 2013

		Consolidated	
		2013	2012
<i>In thousands of AUD</i>	Notes		
ASSETS			
Cash and cash equivalents	9	11,018	3,651
Trade and other receivables	10	55,888	57,997
Inventories	11	135,481	141,823
Other assets	12	22,792	12,931
Asset classified as held for sale	13	190	-
Total current assets		225,369	216,402
Trade and other receivables	10	34,410	10,890
Property, plant and equipment	15	416,329	412,415
Exploration and evaluation costs	16	54,416	51,598
Total non-current assets		505,155	474,903
Total assets		730,524	691,305
LIABILITIES			
Trade and other payables	17	68,335	48,694
Interest-bearing loans and borrowings	18	195,976	105
Employee benefits	19	7,362	6,720
Provisions	20	8,582	7,726
Other financial liabilities	21	2,000	2,000
Total current liabilities		282,255	65,245
Interest-bearing loans and borrowings	18	67	166,934
Employee benefits	19	862	1,007
Deferred tax liabilities	14	65,759	60,836
Provisions	20	28,639	28,682
Other financial liabilities	21	5,000	7,000
Total non-current liabilities		100,327	264,459
Total liabilities		382,582	329,704
NET ASSETS		347,942	361,601
EQUITY			
Issued capital	22	271,180	271,180
Reserves	22	(9,748)	9,736
Retained earnings		86,510	80,685
TOTAL EQUITY		347,942	361,601

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Statement of Changes in Equity

For the year ended 31 December 2013

	Consolidated				
	Share capital	Retained earnings/ (Accumulated losses)	Defined benefit fund reserve	Hedging reserves	Total equity
<i>In thousands of AUD</i>					
Balance at 1 January 2013	271,180	80,685	-	9,736	361,601
Profit for the year	-	5,825	-	-	5,825
Other comprehensive income for the year, net of income tax	-	-	-	(19,484)	(19,484)
Total comprehensive income for the year	-	5,825	-	(19,484)	(13,659)
Dividends	-	-	-	-	-
Balance at 31 December 2013	271,180	86,510	-	(9,748)	347,942
Balance at 1 January 2012	271,180	58,638	-	8,400	338,218
Profit for the year	-	51,216	-	-	51,216
Other comprehensive income for the year, net of income tax	-	-	-	1,336	1,336
Total comprehensive income for the year	-	51,216	-	1,336	52,552
Dividends	-	(29,169)	-	-	(29,169)
Balance at 31 December 2012	271,180	80,685	-	9,736	361,601

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

Cristal Mining Australia Limited (formerly Bemax Resources Limited) and its controlled entities

Statement of Cash Flows

For the year ended 31 December 2013

		Consolidated	
		2013	2012
<i>In thousands of AUD</i>	Note		
Cash flows from operating activities			
Cash receipts from customers		337,712	278,829
Cash payments to suppliers and employees		(268,579)	(224,676)
Cash generated from operations		69,133	54,153
Interest paid		(16,837)	(15,993)
Interest received		88	816
Net cash provided by operating activities	30	52,384	38,976
Cash flows from investing activities			
Acquisition of property, plant and equipment and development		(47,944)	(35,636)
Exploration and evaluation expenditure		(5,419)	(18,290)
Net cash used in investing activities		(53,363)	(53,926)
Cash flows from financing activities			
Tax loss receipt from related party		10,173	6,693
Repayment of other borrowings		(102)	(132)
Dividends paid to owners of the Company		-	(29,169)
Net cash provided by / (used in) financing activities		10,071	(22,608)
Net (decrease) / increase in cash and cash equivalents		9,092	(37,558)
Cash and cash equivalents at beginning of financial period		3,651	42,958
Effect of exchange rate fluctuations on cash held		(1,725)	(1,749)
Cash and cash equivalents at 31 December	9	11,018	3,651

The notes on pages 11 to 45 are an integral part of these consolidated financial statements.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies

Reporting Entity

Cristal Mining Australia Limited (formerly Bemax Resources Limited) (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 53 Quill Way, Henderson, Western Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group Entities") and the Group's interest in jointly controlled entities.

The financial report was approved by the Board of Directors on 24 March 2014.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of preparation

The financial report is presented in Australian dollars and is prepared on the historical cost basis except for derivative financial instruments which are stated at fair value. The financial report includes the consolidated financial statements for the Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

During 2013 the Group made an after tax profit of \$5,825,000 (2012: \$51,216,000) and has current net liabilities of \$56,886,000 (2012: net current assets of \$151,157,000).

The directors have prepared the financial report on the going concern basis as they are of the opinion the Group and Company will realise their assets and settle their liabilities and commitments in the normal course of business and for at least the amounts stated in this financial report for assets.

The Group has received confirmation of continued financial support from The National Titanium Dioxide Company Limited for a period of not less than twelve months from the date of signing this financial report. This includes providing parent company support to refinance and repay the Group's USD 175,000,000 bond due to mature in July 2014.

Standards and interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 13 Fair Value Measurement and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

AASB 119 Employee Benefits (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)

AASB 127 Separate Financial Statements (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 128 Investments in Associates and Joint Ventures (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards

AASB 1048 Interpretation of Standards (2013)

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

Standards and interpretations adopted with no effect on financial statements (continued)

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' – Part A (Conceptual Framework)
 Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and related AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'
 AASB CF 2013-1 'Amendments to the Australian Conceptual Framework'

Standards and Interpretations in issue not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The directors of the Company do not anticipate that the application of these Standards and Interpretations will have a significant impact on the Group's consolidated financial statements.

AASB 9 'Financial Instruments'(December 2009) and AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'

AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure'

AASB 9 'Financial Instruments'(December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)',

AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure'

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'

AASB 1031 'Materiality' (2013)

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'

AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'

AASB 2013-7 'Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and consolidation and interests of policyholders'

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and

Financial Instruments' – Part B (Materiality) & Part C (Financial Instruments)
 Interpretation 21 'Levies'

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 14 – tax losses transferred to related entity
- Note 1(f)(iv) – useful lives of property, plant and equipment
- Note 1(g) – recoverability of exploration and evaluation costs
- Note 20 – provisions
- Note 23 – impairment

Significant accounting policies

Except as noted, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has power over the investee, is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. When the Group 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. This policy has changed from prior years but has had no impact on reported numbers.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in financial and operating policy decisions of the investee but is not control or joint control over policies.

The results and the assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Where the Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any subsequent costs directly attributable to the business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 Business Combinations' are recognised at their fair values at the acquisition date, except for their non-current assets (for disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

(c) Functional and presentation currency

The individual financial statements of each Group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Cristal Mining Australia Limited (formerly Bemax Resources Limited) and the presentation currency for the consolidated financial statements.

(d) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in foreign currencies other than the entity's functional currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except for those items to which hedge accounting applies and the foreign exchange differences are recognised in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(e) Hedging

(i) Derivative financial instruments

The Group has used derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. The fair value of forward exchange contracts is the future cash flows estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

(e) Hedging (continued)

(ii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognised). For cash flow hedges the associated cumulative gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

(iii) Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge is recognised in profit or loss. The hedged item is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss and adjusts the carrying amount of the hedged item.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy Note 1 (j)). Lease payments are accounted for as described in accounting policy Note 1 (q).

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation and amortisation

Depreciation on plant and equipment and mining development assets is recognised in profit or loss using either straight-line or diminishing value method based on the estimated useful lives (EUL) of assets or the units of production method (UOP) based over the life of the economically recoverable reserves.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

(iv) Depreciation and amortisation (continued)

Leased assets are depreciated over the units of production method. Land is not depreciated.

The depreciation rates or useful lives for each class of asset are as follows:

	Basis	2013	2012
Mining Development	EUL & UOP	3-26 yrs	3-26 yrs
Plant & Equipment	EUL	2-30 yrs	2-30 yrs
Leased Plant & Equipment	UOP	3-26 yrs	3-26 yrs

The residual value, the useful lives and the depreciation method applied to an asset are reassessed at the reporting date.

(g) Exploration and evaluation costs

Pre-licence costs are recognised in profit or loss as incurred.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets (E&E assets) on an area of interest basis pending determination of the technical feasibility and commercial viability of the project. When a licence is relinquished or a project is abandoned, the related costs are recognised in profit or loss immediately.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy Note 1 (j)). For the purposes of impairment testing, E&E assets are allocated to cash-generating units consistent with the determination of areas of interest.

Once the technical and commercial viability of extracting a mineral resource is determined E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to mine development assets within property, plant and equipment.

Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

(h) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy Note 1 (j)).

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw material and consumables inventories is based on the average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost includes variable costs and where applicable direct fixed costs of production including an appropriate share of overheads based on normal operating capacity.

(j) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-Financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

Non-Financial assets (continued)

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss was recognised.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Interest-bearing borrowings are recognised if the Group becomes party to the contractual provisions of such a financial instrument and are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(m) Employee benefits

(i) Defined contribution superannuation plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(ii) Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic probability of withdrawal, to a formal detailed plan to provide benefits on retirement.

(n) Provisions

A provision is recognised in the statement of financial position when the Group 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. 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. The unwinding of the discount is included in the financial statements as a financing cost.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

(i) Rehabilitation and mine closure costs

Provision is made for anticipated costs of restoration and rehabilitation work necessitated by disturbance arising from exploration, evaluation, development and production activities. Costs included in the provision comprise land reclamation, plant removal and on-going revegetation programmes.

Rehabilitation and mine closure costs are provided for at the present value of the expenditures expected to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation and mine closure costs are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period.

The cost of rehabilitation and mine closure is capitalised as property, plant and equipment to the extent it gives rise to future economic benefits. The amount capitalised is depreciated in accordance with the accounting policy in Note 1(f).

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(o) Trade and other payables

Trade and other payables are stated at amortised cost. Trade and other payables are recognised if the Group becomes a party to the contractual provisions of such a financial instrument and are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(p) Revenue

Goods sold

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(q) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability (see accounting policy Note 1(f)).

(iii) Net finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in the profit or loss as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, amortisation of ancillary costs incurred in connection with arrangements of borrowings, unwinding of the discounts on provisions and long term creditors, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are calculated using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale. In these circumstances, borrowing costs (e.g. interest, bank fees, legal fees, stamp duty and other costs directly attributable to the financial agreement) are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

(r) Taxation

(i) Income tax expense

Income tax in the statement of comprehensive income for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Tax consolidation

The Company and its wholly-owned Australian resident entities, joined a tax-consolidated group which included Cristal Australia Pty Ltd and Cristal Inorganic Chemicals Australia Pty Ltd with effect from 12 September 2008 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Cristal Inorganic Chemicals Australia Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a modified 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial

statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Group are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below).

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity of the tax-consolidated group only.

(iii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, Cristal Inorganic Chemicals Australia Pty Ltd in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement. The tax funding agreement sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts and requires payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payables (receivables) will be at call.

Contributions to fund the current tax liabilities will be payable as per the tax funding arrangement and will reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has not as yet entered into a tax sharing agreement. A tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the Year Ended 31 December 2013

1. Significant accounting policies (continued)

(s) Non-current assets held for sale

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

(t) Overburden costs

Expenditure associated with the removal of mine overburden is deferred and charged to profit or loss as the mineral is extracted. The balance of the amount deferred is reviewed at each reporting date to determine the amount (if any) which is no longer recoverable out of future revenue. Any amounts so determined are written off.

(u) Goods and Services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(v) Fair values

The carrying amounts of financial assets recognised in the statement of financial position of the Group approximate their net fair values.

The fair values for disclosure purposes of non-derivative financial liabilities of the Group are determined based on the present value of future principal and interest cashflows discounted at the market rate of interest at the reporting date.

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value. Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting from observable forward exchange rates at the end of the reporting period.

For financial guarantees, the fair value at initial recognition is determined by taking into account the probability of default by the guaranteed party over the term of the contract.

(w) Segment Reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(x) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(y) Comparatives

Where necessary, certain reclassifications have been made to the prior year comparatives to conform to the current year presentation.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)
Notes to the consolidated financial statements
For the year ended 31 December 2013

2. Segment Reporting

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is more specifically focused on operating locations. The Group's reportable segments under AASB 8 are therefore as follows:

- Eastern Australian operations
- Western Australian operations
- Other which includes Exploration, Corporate, Marketing and Financing

Information regarding the Group's reportable segments is presented below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segment for the period under review:

In thousands of AUD

	Revenue		Segment profit/(loss)	
	2013	2012	2013	2012
Eastern Australian operations	309,529	261,474	47,386	93,837
Western Australian operations	24,237	18,894	(8,727)	(1,779)
	333,766	280,368	38,659	92,058
Other			(29,036)	(24,950)
Profit before tax			9,623	67,108
Income tax expense			(3,798)	(15,892)
Profit for the period			5,825	51,216

The revenue reported above represents revenue generated from external customers. All intersegment sales have been eliminated. Sales of minerals to the Group's single major customer, Cristal Pigment, for the year ended 31 December 2013 were \$131,306,000 (2012: \$134,225,000). This customer is a related party to the Group.

Segment profit represents profit earned by each segment without allocation of corporate, administration and marketing costs, mineral exploration costs, investment revenue and finance costs and income tax expense. This is the measure reported to the chief operating decision maker for purpose of resource allocation and assessment of segment performance.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)
Notes to the consolidated financial statements
For the year ended 31 December 2013

2. Segment Reporting (continued)

Other segment information

The following is an analysis of the additions, depreciation and amortisation of the Group's non-current assets (comprising Property, Plant & Equipment and Exploration & Evaluation assets) by reportable operating segment for the periods under review:

<i>In thousands of AUD</i>	Depreciation & Amortisation		Additions to non-current assets	
	2013	2012	2013	2012
Eastern Australian operations	35,663	26,763	26,823	38,259
Western Australian operations	1,464	792	18,558	30,033
Other	1,237	1,148	504	112
	38,363	28,703	45,885	68,404

Major products

The majority of the Group's revenue is from the sale of separated mineral sands products.

Geographical information

The Group operates in several geographical areas. The Group's revenue from external customers is detailed below:

<i>In thousands of AUD</i>	Revenue from external customers	
	2013	2012
Australia	130,194	140,043
America	58,358	31,939
Europe	54,281	30,104
Asia	90,934	78,282
	333,766	280,368

Revenue from external customers is attributed to individual countries based on the destination of the goods shown on the invoice.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

3. Other Income

In thousands of AUD

Profit on sale of property, plant & equipment
Rental income
Net foreign exchange gain
Other income

Consolidated	
2013	2012
-	-
-	-
4,191	-
698	193
4,889	193

4. Other Expenses

In thousands of AUD

Impairment of exploration and evaluation expenditure
Exploration costs expensed
Net foreign exchange loss
Other expense

Consolidated	
2013	2012
590	24
396	399
-	453
15	8
1,001	884

5. Personnel expenses

In thousands of AUD

Wages and salaries
Contributions to defined contribution superannuation plans
Expenses related to defined benefit superannuation plans
Increase in liability for annual and long service leave

Consolidated	
2013	2012
35,017	31,917
4,263	3,703
-	-
497	1,468
39,777	37,088

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

6. Auditors' Remuneration

In AUD

Audit Services

Auditors of the Company - Deloitte
- Audit and review of financial reports

Consolidated	
2013	2012
327,000	303,000
327,000	303,000

7. Finance Income and Expenses

In thousands of AUD

Interest income on bank deposits

Finance income

Interest expense on financial liabilities measured at amortised cost
Amortisation of ancillary borrowing costs on unsecured senior notes
Unwind of discount on site restoration provisions

Finance expense

Net finance income / (expense)

Consolidated	
2013	2012
88	816
88	816
(19,449)	(17,049)
(231)	(230)
(3,555)	(3,780)
(23,235)	(21,059)
(23,147)	(20,243)

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

8. Income Tax Expense / (Benefit)

In thousands of AUD

Current tax expense/(benefit)

Current year

Adjustments for prior periods

Deferred tax expense/(benefit)

Origination of and reversal of temporary differences

Adjustments for prior periods

Total income tax expense in statement of comprehensive income

Consolidated	
2013	2012
(6,489)	15,316
(2,986)	(19,060)
(9,475)	(3,744)
9,327	4,847
3,946	14,789
13,273	19,636
3,798	15,892

Numerical Reconciliation between tax expense and pre-tax accounting profit

In thousands of AUD

Profit before tax

Income tax expense/(benefit) at Australian tax rate of 30% (2012: 30%)

Non-deductible expenses and non-assessable (expense)/income

Under/(over) provided in prior years

Income tax expense on pre-tax net profit

Consolidated	
2013	2012
9,623	67,108
2,887	20,132
(49)	31
2,838	20,163
960	(4,271)
3,798	15,892

Income tax recognised directly in equity

In thousands of AUD

Relating to effective portion of changes in fair value of cash flow hedges

Relating to effective portion of change in fair value of senior debt repayment

Income tax (expense)/benefit recognised in equity

Consolidated	
2013	2012
-	-
8,350	(1,374)
8,350	(1,374)

For disclosures of tax consolidation and tax funding and sharing agreements see Note 1(r).

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

9. Cash and Cash Equivalents

In thousands of AUD

	Consolidated	
	2013	2012
Bank balances	3,146	3,626
Cash on deposit	7,872	25
Cash and cash equivalents	11,018	3,651

The Group's exposure to interest rate risks and sensitivity analysis for interest rates are disclosed in Note 24. Of the above cash \$7,872,000 (2012: \$25,000) are short term deposits and managed to ensure maturing deposits are available to the Group to fund its financial obligations.

10. Trade and Other Receivables

In thousands of AUD

	Consolidated	
	2013	2012
Current		
Trade receivables	27,093	28,588
Trade receivables - related party	26,108	27,373
Prepayments	353	495
GST receivable	2,334	1,541
	55,888	57,997
Non-current		
Long term receivable from related party	33,253	9,758
Prepayments	1,157	1,132
	34,410	10,890

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in Note 24.

11. Inventories

In thousands of AUD

	Consolidated	
	2013	2012
Raw materials and stores	7,695	6,998
Work in progress	84,012	66,527
Finished goods	43,774	68,298
	135,481	141,823

The portion of carrying value of inventories at net realisable value is \$710,916 (2012: \$4,853,913).

12. Other Assets

In thousands of AUD

	Consolidated	
	2013	2012
Current		
Deferred overburden costs	22,792	12,931
	22,792	12,931

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

13. Asset Classified as Held for Sale

<i>In thousands of AUD</i>	Consolidated	
	2013	2012
Freehold land held for sale	190	-
Liabilities associated with asset held for sale	-	-

The Group intends to dispose of a parcel of freehold land it no longer utilises in the next 12 months. This property was mined and rehabilitated as part of the Tutunup Mine. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land as held for sale nor as at 31 December 2013 as the directors of the Company expect that the fair value less costs to sell is higher than the carrying amount recorded in the accounts of Cristal Mining Australia Limited.

14. Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated <i>In thousands of AUD</i>	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
Property, plant & equipment, Exploration & Evaluation	-	-	65,587	57,294	(65,587)	(57,294)
Foreign bank accounts and receivables	-	88	77	-	(77)	88
Inventories	-	-	4,659	2,100	(4,659)	(2,100)
Prepayments	-	-	7,185	4,250	(7,185)	(4,250)
Borrowing costs	-	-	197	574	(197)	(574)
Interest-bearing loans and borrowings	-	-	2,148	10,498	(2,148)	(10,498)
Employee benefits	2,798	2,405	-	-	2,798	2,405
Accrued expenses	47	374	-	-	47	374
Restoration and mine closure	11,166	10,923	-	-	11,166	10,923
Cost of equity raising	-	-	-	-	-	-
Black hole expenditure	83	83	-	-	83	83
Other	-	7	-	-	-	7
Tax assets/ (liabilities)	14,094	13,880	79,853	74,716	(65,759)	(60,836)

All members of the Group joined a tax-consolidated group from September 2008 and all carried forward tax losses have been transferred to the head entity.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

15. Property, Plant & Equipment

In thousands of AUD

	Consolidated				
	Freehold Land	Leased Plant & equipment	Plant & Equipment	Mine development expenditure	Total
2013					
Cost					
Balance at Start of the Year	24,416	4,355	246,509	292,813	568,093
Additions	330	-	26,240	14,515	41,085
Disposals	-	-	-	-	-
Assets classified as held for Sale	(190)	-	-	-	(190)
Transfers	4,472	-	(4,551)	1,461	1,382
Rehab asset adjustment against provision	-	-	-	-	-
Balance at End of the Year	29,028	4,355	268,198	308,789	610,370
Accumulated Depreciation/ Amortisation					
Balance at Start of the Year	-	1,601	55,329	98,748	155,678
Depreciation/ Amortisation Expense for the Year	-	402	14,034	23,927	38,363
Transfers	-	-	-	-	-
Balance at End of the Year	-	2,003	69,363	122,675	194,041
Carrying Amount at End of the Year	29,028	2,352	198,835	186,114	416,329

In thousands of AUD

	Consolidated				
	Freehold Land	Leased Plant & equipment	Plant & Equipment	Mine development expenditure	Total
2012					
Cost					
Balance at Start of the Year	24,150	4,355	144,693	353,781	526,979
Additions	-	-	28,977	12,137	41,114
Disposals	-	-	-	-	-
Assets classified as held for Sale	-	-	-	-	-
Transfers	266	-	72,839	(73,105)	-
Rehab asset adjustment against provision	-	-	-	-	-
Balance at End of the Year	24,416	4,355	246,509	292,813	568,093
Accumulated Depreciation/ Amortisation					
Balance at Start of the Year	-	1,207	44,975	80,793	126,975
Depreciation/ Amortisation Expense for the Year	-	394	10,278	18,031	28,703
Transfers	-	-	76	(76)	-
Balance at End of the Year	-	1,601	55,329	98,748	155,678
Carrying Amount at End of the Year	24,416	2,754	191,180	194,065	412,415

Leased Plant and Equipment

The Group leases equipment under finance leases. At the end of each lease the Group has the option to purchase the equipment at a beneficial price. At 31 December 2013, the net carrying value of the leased plant and equipment was \$2,352,000 (2012: \$2,754,000). The lease equipment secures lease obligations (see Note 18).

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

16. Exploration and Evaluation Costs

In thousands of AUD

Non-current

Costs carried forward in respect of areas of interest in exploration and evaluation phase

Cost

Balance at Start of the Year

Additions

Transfers

Balance at End of the Year

Accumulated Impairment Charges

Balance at Start of the Year

Write off exploration

Impairment losses/ (reversal of previous impairment)

Balance at End of the Year

Carrying Amount at End of the Year

Consolidated	
2013	2012
56,193	28,903
4,800	27,290
(1,382)	-
59,611	56,193
4,595	4,570
600	1
-	24
5,195	4,595
54,416	51,598

The ultimate recoupment of costs carried forward as exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively, sale of the respective areas of interest.

The Group annually reviews tenements under exploration as to potential recoupment of costs. At times, a tenement previously assessed to have a "low" likelihood of recoupment of costs may be reassessed to a "medium" likelihood thereby creating a reversal of previous impairment losses.

17. Trade and Other Payables

In thousands of AUD

Current

Trade payables

Payable to related parties ^(a)

Other creditors and accrued expenses

Notes

Consolidated	
2013	2012
18,075	17,285
24,785	1,906
25,475	29,503
68,335	48,694

(a) Includes unearned income liability of \$8,822,538 (2012: \$NIL) being prepayment received on future sales to a related party.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

18. Interest-bearing Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk see Note 24.

	Consolidated	
	2013	2012
<i>In thousands of AUD</i>		
Current		
Unsecured Senior Notes, net of capitalised borrowing costs	195,883	-
Finance lease liabilities	-	25
Infrastructure finance liabilities	93	80
	195,976	105
Non-current		
Unsecured Senior Notes, net of capitalised borrowing costs	-	166,795
Finance lease liabilities	-	-
Infrastructure finance liabilities	67	139
	67	166,934

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal Interest Rate	Year of Maturity	Consolidated	
				2013 Carrying Amount	2012 Carrying Amount
<i>In thousands of AUD</i>					
Finance lease liabilities	AUD	14.970%	2010-2013	-	15
Finance lease liabilities	AUD	9.670%	2010-2013	-	10
Infrastructure finance liabilities	AUD	7.850%	2007-2015	160	219
Unsecured senior notes	USD	9.375%	2014	195,883	166,795
Total interest bearing liabilities				196,043	167,039

Finance Lease Facility

The carrying amount of the Group's finance lease liabilities is \$NIL (2012: \$25,000).

Consolidated	2013			2012		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
<i>In thousands of AUD</i>						
Less than one year	-	-	-	26	1	25
Between one and five years	-	-	-	-	-	-
	-	-	-	26	1	25

Under the terms of the lease agreements, no contingent rents are payable

Infrastructure Finance Liabilities

A \$550,000 finance agreement was entered into in 2006 in relation to the construction of the storage shed in Broken Hill. When the final instalments have been paid at the end of 2015 ownership will pass to the Group. Interest paid on this loan, which is unsecured, during the year was \$17,246 (2012: \$22,312).

Senior Notes

On 6 July 2007, Cristal Mining Australia Limited (formerly Bemax Resources Limited) raised US\$175 million of debt from the offering of 9.375% unsecured senior notes due 15 July 2014. The National Titanium Dioxide Company Limited has indicated that it will provide parent company support to refinance and repay this debt when it falls due as mentioned in Note 1 under 'Basis of preparation' on page 11. Interest is payable on the notes on 15 January and 15 July each year. The notes are listed on the Singapore Stock Exchange. The carrying amount is net of the capitalised borrowing costs.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

19. Employee Benefits

In thousands of AUD

Current

Liability for annual and long service leave

Non-current

Liability for long-service leave

Defined Contribution Plans

The Group makes contributions to various defined contribution plans. The amount recognised as an expense was \$4,263,000 for the year ended 31 December 2013 (2012: \$3,703,000).

Consolidated	
2013	2012
7,362	6,720
862	1,007

20. Provisions

In thousands of AUD

Current

Rehabilitation and mine closure

Non-current

Rehabilitation and mine closure

Reconciliation of the carrying amount of each class of provision are set out below:

In thousands of AUD

Carrying amount 1 January
Provisions made during the year
Payments made during the year
Unwinding of discount
Carrying amount 31 December

Current liability
Non-current liability
Carrying amount 31 December

Consolidated	
2013	2012
8,582	7,726
28,639	28,682

Consolidated Rehabilitation and mine closure	
2013	2012
36,408	37,318
5,606	3,228
(8,348)	(7,919)
3,555	3,780
37,221	36,408
8,582	7,726
28,639	28,682
37,221	36,408

21. Other Financial Liabilities

In thousands of AUD

Current

Simto Tenement Royalties

Non-Current

Simto Tenement Royalties

Consolidated	
2013	2012
2,000	2,000
5,000	7,000

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

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22. Capital, Dividends and Reserves

(a) Issued Capital

In thousands of AUD

Ordinary shares

1,053,422 fully paid ordinary shares

Consolidated	
2013	2012
271,180	271,180

Ordinary shares carry one vote per share and carry the rights to dividends. There are no options over ordinary shares.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Dividends

In thousands of AUD

Recognised amounts

Ordinary shares

Final dividend - unfranked

Consolidated	
2013	2012
-	29,169

No dividends have been paid or declared by the Company to members since the end of the previous financial year (2012: \$29,168,830).

(c) Reserves

In thousands of AUD

Hedge reserve cash flow hedges senior note repayment

Consolidated	
2013	2012
(9,748)	9,736

Cash flow hedge reserves

In thousands of AUD

Balance at beginning of the year
Gain/(loss) arising on changes in fair value of foreign exchange
hedging instruments entered into for cash flow hedges
Change in fair value of forward exchange contracts
Balance at end of financial year

Consolidated	
2013	2012
9,736	8,400
(19,484)	1,336
-	-
(9,748)	9,736

The hedging reserves represent the effective part of any gain or loss on the foreign exchange movement on the unsecured senior note that has been designated as a cash flow hedge. The cumulative gain or loss is removed from the hedge reserve and recognised in profit or loss in the same period that the hedged forecast transaction affects profit or loss.

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23. Impairment

The Group undertakes to test for impairment of finite lived assets at least annually and at any time if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is based on management's judgement and the availability of appropriate information to support certain assumptions. These assumptions may contain information that is uncertain or subject to fluctuation over time that may have a material impact on the assessment of an asset. Any change in the assumptions selected by management may have a significant impact on the cash flows projections and materially affect the impairment assessment.

With the changes in global economic conditions, the Group has reviewed its assets for potential impairment. The business has two Cash Generating Units the primary unit in the Murray Basin and the Western Australian Business (Cable Sands).

The cash generating unit ("CGU") referred to as the Murray Basin Operation which encompasses the Ginkgo, Snapper, Atlas-Campaspe and Broken Hill assets is the single largest CGU and is particularly sensitive to market changes.

Key assumptions or information used in the impairment assesment include:

- assessment of exchange rates,
- assessment of discount rates,
- sales prices of minerals sold and supply and demand of those minerals, and
- changes in geological conditions that may impact on the production.

The information below presents the impact on net present value when key assumptions increases or decreases by 5%.

Impact:	Impact on Net Present Value	
	Higher/ (Lower)	
Sensitivities (in thousands of AUD)		
Assumptions	Plus 5%	Less 5%
AUD:USD Exchange Rate	121,656	(110,069)
Sale Prices	117,289	(117,289)
	Plus 5%	Less 5%
WACC nominal pre tax of 14.2857%	(25,942)	27,558

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

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For the year ended 31 December 2013

24. Financial Risk Management

The Group's principal financial instruments comprise cash and short term deposits, receivables, payables, interest bearing borrowings and finance leases.

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

The following relates to the exposure to each of the above risks and the Group's policies for measuring and managing that risk.

The senior management team is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group and to define levels of risk and monitor areas where risk has been identified. Risk management systems are reviewed regularly to reflect changes in market conditions of the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a treasury type instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

In thousands of AUD

Cash and cash equivalents
Loans receivable, trade and other debtors

Carrying Amount	
2013	2012
11,018	3,651
86,807	66,214
97,825	69,865

In thousands of AUD

Australia
Asia
Americas
Europe

Carrying Amount	
2013	2012
26,038	26,882
4,224	9,715
12,446	9,199
10,117	9,888
52,825	55,684

The Group's exposures to credit risk are influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms are offered. Customers who fail to meet the Group's benchmark creditworthiness may transact with the Group by providing additional security (e.g. letters of credit) or on a prepayment basis.

The company's exposure to credit risk at the reporting date is minimal.

Guarantees

The Group policy is to provide financial guarantees only to wholly-owned subsidiaries. Details of the subsidiaries are provided in Note 28.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

24. Financial Risk Management (continued)

Credit risk (continued)

Impairment losses

The Group believes that an impairment allowance of \$NIL (2012: \$566,000) is necessary in respect of trade receivables.

The ageing of the Group's trade and other receivables at the reporting date was:

	Gross	Impairment Allowance	Gross	Impairment Allowance
<i>In thousands of AUD</i>	2013	2013	2012	2012
Not past due	48,731	-	55,030	-
Past due 0-30 days	492	-	88	-
Past due 31-120 days	3,602	-	-	-
More than one year	-	-	566	(566)
	52,825	-	55,684	(566)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Group has received confirmation of such continued financial support of its ultimate holding company for not less than twelve months from the date of signing this financial report.

The expected undiscounted cash flows of the Group's financial liabilities by remaining contractual maturity at statement of financial position date are as follows:

Consolidated

In thousands of AUD

Non-derivative financial liabilities

	31 December 2013				
	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	5 + years
Unsecured senior notes	(9,213)	(205,754)	-	-	-
Infrastructure finance liabilities	(42)	(42)	(84)	(72)	-
Finance lease liabilities	-	-	-	-	-
Trade and other payables	(59,839)	-	-	-	-
	(69,094)	(205,796)	(84)	(72)	-

Consolidated

In thousands of AUD

Non-derivative financial liabilities

	31 December 2012				
	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	5 + years
Unsecured senior notes	(7,908)	(7,908)	(184,524)	-	-
Infrastructure finance liabilities	(42)	(42)	(84)	(51)	-
Finance lease liabilities	(23)	(2)	-	-	-
Trade and other payables	(41,497)	-	-	-	-
	(49,470)	(7,952)	(184,607)	(51)	-

Within the Group, Cristal Mining Australia Limited (formerly Bemax Resources Limited) has USD 6.5 million available for use from a USD 25 million line of credit at HSBC supported by parent guarantee.

The Group has sufficient cash on hand at balance date and the ongoing support of its ultimate holding company to meet all current liabilities and as such did not require any credit facilities.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

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For the year ended 31 December 2013

24. Financial Risk Management (continued)

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts in order to manage market risk exposures. Where appropriate the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset, liability or highly probable foreign exchange transaction will fluctuate due to changes in foreign currency rates.

The Group is exposed to currency risk on sales, purchases, cash deposits and borrowings that are denominated in United State dollars (USD).

The Group has a formalised natural hedge in place in relation to the repayment of the senior notes due in July 2014. The hedge has been documented and designated as hedging expected sales revenue from mineral sands of USD175 million up to the date of repayment. The purpose of the hedge is to eliminate the exposure to the variability in the sales revenue and in the Bond repayment in Australian dollar terms due to foreign exchange rate fluctuations.

The exposure to foreign currency risk in United States dollars at balance date was as follows:

	Note	Consolidated	
		2013	2012
<i>In thousands of USD</i>			
Cash		1,137	446
Trade receivables		27,421	44,802
Unsecured senior notes	(a)	(175,000)	(175,000)
Interest Payable		(7,565)	(7,466)
Gross exposure		(154,007)	(137,218)

- (a) The repayment of the Unsecured Senior Notes in USD of \$175m and equivalent USD sales revenues of the Group have been designated as cash flow hedges to eliminate the exposure to currency risk.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2013	2012	2013	2012
Amount of AUD per USD	1.0324	0.9654	1.1231	0.9640

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

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For the year ended 31 December 2013

24. Financial Risk Management (continued)

Market risk (continued)

Sensitivity Analysis

The Group is mainly exposed to US\$ foreign exchange movements.

A 10% strengthening/weakening of the Australian dollar against the US\$, with all other variables constant, would have affected pre tax profit and equity by the amounts shown below.

<i>Effects in thousands of AUD</i>	Consolidated	
	Pre tax profit	Equity
	Higher/ (Lower)	Higher/ (Lower)
31-Dec-13		
10% weakening USD	(2,143)	17,867
10% strengthening USD	2,620	(21,838)
31-Dec-12		
10% weakening USD	(3,311)	15,337
10% strengthening USD	4,047	(18,745)

Interest rate risk

The Group's interest rate risk arises mainly from its senior notes which are due for repayment on 15 July 2014. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. As at 31 December 2013, the Group has minimal exposure to cash flow interest rate risk due to the issuing of fixed interest rate senior notes (Note 18). For surplus cash, interest income is subject to the movement in interest rates and the Group does not enter into long-term deposits.

At the reporting date the Group and Company had the following interest bearing financial instruments exposed to interest rate risk:

<i>In thousands of AUD</i>	Consolidated	
	Carrying amounts	
	2013	2012
Fixed Rate instruments		
Financial assets	7,846	-
Financial liabilities	(196,043)	(167,039)
Net exposure	(188,197)	(167,039)
Variable Rate instruments		
Financial assets	1,871	3,651
Financial liabilities	-	-
Net exposure	1,871	3,651

The reported balances of fixed and variable interest rate borrowings exclude accrued interest as this has been recorded in other creditors and accrued expenses (Note 17) in the statement of financial position.

Cash flow sensitivity analysis for variable interest rates

A change of 100 basis points (+1%/-1%) in interest rates on variable rate instruments would have affected equity and statement of comprehensive income by the amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

<i>Effects in thousands of AUD</i>	Pre tax profit	
	Higher/(Lower)	
	Consolidated	
31-Dec	2013	2012
Variable rate instruments		
100bp Increase	19	36
100bp Decrease	(19)	(36)

Cristal Mining Australia Limited (formerly Bemax Resources Limited)
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24. Financial Risk Management (continued)

Interest risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Derivative financial instruments and hedging activities.

Cash flow hedges

The Group did not enter into any forward exchange contracts during the year.

The effective portion of changes in the fair value of the natural hedge between the repayment of the Unsecured Senior Notes and revenue that are designated and qualify as cash flow hedges are recognised in equity. The repayment of the Unsecured Senior Notes held by a wholly owned Group entity and its sales revenues are both denominated in a currency which is not the functional currency of that entity.

At 31 December 2013, a loss of \$9,748,000 (2012: \$9,736,000 gain) relating to the natural hedge was accumulated in the cash flow hedge reserve in equity for the Group.

Other derivatives that do not qualify for hedge accounting

Fair value changes in derivative instruments which do not qualify for hedge accounting during 2013 amount to \$NIL (2012: \$NIL).

Fair values

Fair values versus carrying amounts

All financial assets and liabilities except for those shown below have carrying values and fair values which are the same.

In thousands of AUD

Consolidated

Unsecured senior notes and accrued interest
Infrastructure liabilities

2013		2012	
Carrying amount	Fair value	Carrying amount	Fair value
204,379	206,024	173,992	177,161
160	138	219	203
204,539	206,162	176,357	180,520

Capital management

The Board's policy is to maintain a capital base so as to maintain investor, creditor and bond-holder confidence and to sustain future development of the business.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

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25. Operating leases

Leases as lessee

Non- cancellable operating lease rentals are payable as follows

	Consolidated	
	2013	2012
<i>In thousands of AUD</i>		
Less than one year	2,717	1,668
Between one and five years	2,885	1,817
More than five years		
	5,602	3,485

The Group leases office property which are non-cancellable leases expiring within the next year. Rents are payable monthly in advance. Leases generally provide the Group with a right to renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an annual rent increase.

The Group leases two parcels of land from the Bunbury Port Authority which expire in 2015 and 2017 respectively. The leases can be cancelled by giving a notice period of two years. The lease expiring in 2015 has been renewed. Rents are payable annually in advance. Contingent rental provisions within the 2015 and 2017 lease agreements require the minimum lease payments to be increased by CPI annually.

26. Capital and other commitments

Capital expenditure commitments

In thousands of AUD

Mine development and infrastructure

Contracted but not provided for and payable:

Within one year

One year or later and no later than five years

	Consolidated	
	2013	2012
Within one year	5,495	4,402
One year or later and no later than five years	-	-
	5,495	4,402

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial statements and payable:

	Consolidated	
	2013	2012
<i>In thousands of AUD</i>		
<i>Contracted but not provided for and payable:</i>		
Within one year	5,302	5,684
One year or later and no later than five years	16,053	18,863
Later than five years	31,716	8,164
	53,071	32,711

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

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27. Contingencies

In 2013, the Group entered into several contracts to purchase land in the Murray Basin to be used in relation to the establishment of the future potential mining operations at the Atlas Campaspe Project. The Group is awaiting several sale preconditions to be satisfied before completing the transactions. The commitment to purchase these blocks of land has been included in capital expenditure commitments in Note 26.

A contractor involved in the Snapper development has progressed contract dispute resolution procedures under the contract and at this time it is not possible to predict the potential financial impact of the contractor's claims.

In the 2012 annual financial statements, it was disclosed that the Group was awaiting approval from the Foreign Investment Review Board (FIRB) before completing a contract to purchase land. This transaction was settled in March 2013.

Other contingent liabilities considered remote

Guarantees

- (i) Under the terms of a Deed of Cross Guarantee, a subsidiary of the Company being Cristal Mining Australia Limited (formerly Bemax Resources Limited) has guaranteed the repayment of all current and future creditors of various other subsidiaries in the event any of the controlled entities party to the Deed are wound up.
- (ii) A subsidiary of the Company has guaranteed lease facilities and other financial arrangements of its controlled entities.

Contingent assets

There are no contingent assets of the Group

28. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports as the Company and each of the subsidiaries have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the listed subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The listed subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

Imperial Mining (Aust) Pty Ltd
Probo Mining Pty Ltd
Pregline Mineral Sands Pty Ltd
Cable Sands Investments Pty Ltd

Peregrine Gold Mining Pty Ltd
Bemax Sales Pty Ltd
Pooncarie Operations Pty Ltd
Cable Sands Holdings Pty Ltd

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 December 2013 is set out below:

Summarised statement of comprehensive income and reserves

In thousands of AUD

Profit from ordinary activities before related income tax expense
Income tax expense relating to ordinary activities
Profit from ordinary activities after related income tax expense

Consolidated	
2013	2012
9,623	67,108
(3,798)	(15,892)
5,825	51,216

Cristal Mining Australia Limited (formerly Bemax Resources Limited)
Notes to the consolidated financial statements
For the year ended 31 December 2013

28. Deed of cross guarantee (continued)

Statement of financial position
In thousands of AUD

	Consolidated	
	2013	2012
Assets		
Cash and cash equivalents	11,018	3,651
Trade and other receivables	55,888	57,997
Inventories	135,481	141,823
Other	22,792	12,931
Total current assets	225,179	216,402
Other receivables	34,410	10,890
Property, plant and equipment	413,817	410,035
Exploration and evaluation costs	46,633	44,168
Total non-current assets	494,860	465,093
Total assets	720,039	681,495
Liabilities		
Trade and other payables	68,308	48,652
Interest-bearing loans and borrowings	195,976	105
Employee benefits	7,362	6,720
Provisions	8,554	7,695
Other financial liabilities	2,000	2,000
Total current liabilities	282,200	65,172
Interest -bearing loans and borrowings	67	166,934
Employee benefits	862	1,007
Deferred tax liability	63,461	58,627
Provisions	28,545	28,646
Provisions	5,000	7,000
Total non-current liabilities	97,935	262,214
Total liabilities	380,135	327,386
Net assets	339,904	354,109
Equity		
Issued Capital	271,180	271,180
Reserves	(9,748)	9,736
Accumulated profits	78,472	73,193
Total equity	339,904	354,109

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

29. Consolidated entities

Particulars in relation to controlled entities

	Country of Incorporation	Ownership interest	
		2013	2012
Parent entity			
Cristal Mining Australia Limited (formerly Bemax Resources Limited)	Australia	100	100
Peregrine Mineral Sands Pty Ltd	Australia	100	100
Peregrine Gold Mining Pty Ltd	Australia	100	100
Imperial Mining (Aust) Pty Ltd	Australia	100	100
Probo Mining Pty Ltd	Australia	100	100
Pooncarie Operations Pty LTd	Australia	100	100
Bemax Sales Pty LTd	Australia	100	100
RZM Pty Ltd	Australia	100	100
Cable Sands (WA) Pty LTd	Australia	100	100
Cable Sands Pty Ltd	Australia	100	100
Cable Sands Investments Pty Ltd	Australia	100	100
Cable Sands Holdings Pty Ltd	Australia	100	100
Nissho Iwai Mineral Sands (Aust) Pty LTd	Australia	100	100
Kathleen Investments (Australia) Pty Ltd	Australia	100	100
Coffs Harbour Rutile Pty Ltd	Australia	100	100
Titanium Technology (Australia) Pty Ltd	Australia	100	100
Rutile & Zircon Mines (Newcastle) Pty LTd	Australia	100	100
Murray Basin Titanium Pty Ltd	Australia	100	100
NIMSA Murray Basin Pty Ltd	Australia	100	100
Cables Sands Joint Venture	Australia	100	100
BIP Development & Operating Joint Venture	Australia	100	100
Murray Basin Exploration & Operating Joint Venture	Australia	100	100

All joint ventures in which the Group has a 100% interest have been accounted for as controlled entities in accordance with Note 1(a).

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

30. Reconciliation of cash flows from operating activities

In thousands of AUD

	Consolidated	
	2013	2012
Profit for the year	5,825	51,216
<i>Adjustments for:</i>		
Depreciation and amortisation	38,363	28,703
Amortisation of borrowing costs	1,254	1,139
Exploration costs written off	-	1
Net impairment loss recognised on other assets	600	24
Foreign exchange losses	1,725	1,749
Income tax expense / (benefit) in profit and loss	3,798	15,892
Operations cash flow before changes in working capital and provisions	51,565	98,724
(Increase) / decrease in trade and other receivables	(8,206)	(1,662)
(Increase) / decrease in inventories	6,342	(68,857)
(Increase) / decrease in prepayments and other assets	(9,744)	820
(Decrease) / increase in trade and other payables	11,117	9,393
(Decrease) / increase in provisions and employee benefits	1,310	558
Net cash from operating activities	52,384	38,976

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

31. Related parties

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Chairman

Dr Talal Al-Shair

Executive director

Mr D Manganaro

Non-Executive directors

Mr J Nahas

Mr A Ibrahim

Mr C Cook

Executives

Mr H Ross (Financial Controller)

Mr D Grondal (Company Secretary)

Mr J Bannister (Development Manager)

Mr K Bell (Operations Manager - West)

Mr C Reynolds (Operations Manager - East)

Mr B Read (Manager - Sales and Marketing)

Dr R Roberts (Manager - Exploration)

Key management personnel compensation

The aggregate compensation made to directors and other members of the key management personnel of the Group is set out below:

<i>In thousands of AUD</i>	Consolidated	
	2013	2012
Short-term employee benefits	1,648	1,784
Post-employment benefits		-
Termination benefits		-
	1,648	1,784

Individual directors disclosure

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Identity of related parties

Cristal Australia Pty Ltd held 100% of the ordinary shares in the Company at 31 December 2013 and 31 December 2012. Cristal Australia Pty Ltd is a wholly owned subsidiary of The National Titanium Dioxide Company Limited.

The ultimate holding company of the Group is the National Industrialisation Company (TASNEE) from the Kingdom of Saudi Arabia.

The Group has a related party relationship with its subsidiaries (see Note 29) and with its key management personnel (refer to disclosures for key management personnel on preceding pages).

All transactions with non-director related parties are on normal terms and conditions.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

31. Related parties (continued)

Transactions between the Group and its related parties

During the financial year, the following transactions occurred between the Group and its related entities:

- Sales of minerals (of which 93% is Rutile) to entities in The National Titanium Dioxide Company Limited group for the year ended 31 December 2013 were \$136,958,000 (2012: \$134,225,000). All sales were priced on an arm's length basis. A receivable of \$21,489,000 (2012: \$14,105,000) was owing at 31 December 2013 for these sales.
- A current receivable of \$2,525,000 (2012: \$12,698,000) and a non-current receivable of \$33,253,000 (2012: \$9,758,000) is owing at balance date from Cristal Inorganic Chemicals Australia Pty Ltd (CICA). This is the result of tax losses transferred CICA being the head entity of the tax consolidated group.
- A current payable of \$14,020,000 (2012: \$NIL) is owing to Cristal Australia Pty Ltd for the purposes of repayment of tax losses utilised as at 31 December 2013.
- A current receivable of \$1,978,000 (2012: \$538,000) is owing from Cristal Australia Pty Ltd for the purposes of expense reimbursement as at 31 December 2013.
- A payable of \$1,857,000 (2012: \$1,905,000) is owing to entities in the National Titanium Dioxide Company Limited for the purpose of expense reimbursement as at 31 December 2013.
- An unearned income liability of \$8,823,000 (2012: \$NIL) is owing to entities in the National Titanium Dioxide Company Limited being prepayment received on future sales.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Notes to the consolidated financial statements

For the year ended 31 December 2013

32. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

The parent entity and eight of its subsidiaries have entered into a Deed of Cross Guarantee. Refer to Note 28.

Financial position

In thousands of AUD

	2013	2012
Assets		
Current assets	3,183	12,698
Non current assets	434,113	423,272
Total Assets	437,296	435,970
Liabilities		
Current liabilities	205,221	7,607
Non current liabilities	60,652	223,514
Total liabilities	265,873	231,121
Equity		
Issued capital	271,180	271,180
Accumulated (losses)	(90,009)	(76,066)
Reserves	(9,748)	9,735
Total equity	171,423	204,849

Financial performance

In thousands of AUD

	2013	2012
Profit / (loss) for the year	(13,942)	(17,881)
Other comprehensive income	(19,484)	1,336
Total comprehensive income	(33,426)	(16,545)

33. Events after the reporting period

There are no events subsequent to reporting date.

Cristal Mining Australia Limited (formerly Bemax Resources Limited)

Directors declaration

- 1 In the opinion of the directors of Cristal Mining Australia Limited (formerly Bemax Resources Limited) ("the Company")
 - (a) the financial statements and notes, set out on pages 7 to 45, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2013 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial reporting Standards issued by the International Accounting Standards Board.
- 2 There are reasonable grounds to believe that the Company and the Group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with a resolution of the directors:

Dated at Perth this 24th day of March 2014.



DOMINIC MANGANARO
Director

Independent Auditor's Report to the Members of Cristal Mining Australia Ltd

Report on the Financial Report

We have audited the accompanying financial report of Cristal Mining Australia Ltd, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 46.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

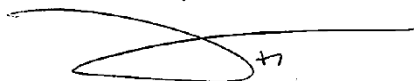
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cristal Mining Australia Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Cristal Mining Australia Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants
Perth, 24 March 2014