

Consmín, a leading manganese ore producer with mining operations in Australia and Ghana, announces its Q3 results for the period ending 30 September 2015.

Commenting on the results, David Slater (CFO of Consmín) said:

"During the third quarter Consmín's operational performance was adversely impacted by a 22% lower production compared to Q3 2014. Australian ore production declined 41% as a result of the combination of transition to the Topvar and Cracker pits that required pre-stripping and the uncharacteristically fine nature of the ore encountered in Homestead and Paystar which negatively impacting processing yields and production.

The manganese C1 cash cost for quarter was \$2.20/dmtu, a decrease of 13% from \$2.52/dmtu for Q3 2014, with the reduction largely driven by beneficial effect of the relative weakening of the Australian dollar. The increase in C1 costs compared to Q2 2015 was in-line with expectation as a result of additional waste stripping in Ghana as a result of increasing production and in Australia regarding the pre-stripping of Topvar and Cracker. The 2015 full year estimate for the C1 cash cost is now expected to be circa \$2.20/dmtu based on an exchange rate of for the Australian dollar of 0.73 for the remainder of the year.

Manganese sales tonnes increased 53% in Q3 2015 compared to Q3 2014, driven by a four-fold increase in Ghanaian sales, which were negatively impacted in Q3 2014 by the termination of the TMI contract, offset by Australian sales which declined 19% as a result of the lower production. Despite the increase in sales volumes, revenue in Q3 2015 fell by 19% as a result of the average FOB manganese price decreasing 37% and the lower average grade sold as a result of a larger proportion of sales from Ghana.

As a result of the continuing difficult pricing environment and weaker Australian production, financial performance for the quarter worsened compared to the Q3 2014. Adjusted EBITDA for the quarter was down from \$21 million in the Q3 2014 to \$4 million, however cash EBITDA increased from \$2 million to \$17 million as a result of drawing down on stockpiles in the quarter.

Net cash generated from operations in the quarter at \$10 million was lower than the \$20 million in Q3 2014 largely as a result of the weaker pricing environment for manganese. This reduction was however partially mitigated by reduced payments for capital expenditure. During the quarter \$11 million was spent on the repurchase on a portion of the 2020 senior secured notes. Total cash and cash equivalents net of overdrafts decreased in the quarter by \$12 million to \$102 million at 30 September 2015.

China's slowing economy, particularly in the construction sector, continues to exert downward pressure on its domestic steel and alloy industries. Further contraction in China steel production in Q3 has further increased the pressure on manganese ore demand and prices with November shipments coming under severe downward pressure with a further 15% fall in prices. At this level of pricing many producers are expected to be below sustainable cost levels despite recent cost cutting and favourable currency movements. With demand likely to remain muted, substantial production cuts are required to restore market balance and stabilise ore prices. In the absence of such changes the company remains bearish on manganese ore prices in the near to mid-term.

Although Consmín ended the third quarter with net cash and cash equivalents balance of \$102 million, the continued downward pricing will result in increased pressure on liquidity. As such the Group will continue to tightly control its capital expenditure and explore further efficiencies and cost reduction programmes."

About Consolidated Minerals Limited

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

[Consolidated Minerals Ltd.](#) is headquartered in Jersey and the address of its office is Commercial House, 3 Commercial Street, St Helier, Jersey, Channel Islands, JE2 3RU.

Company Information

For further information, please visit our website <http://www.consmín.com>

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