

Consolidated Minerals Limited: Report for the Quarter ending 31 March 2016

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ST HELIER, Jersey, May 27, 2016 - Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its first quarter results for the period ending 31 March 2016.

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

"During the quarter Consmin's operational performance was adversely impacted by a 45% reduction in Group production compared to the corresponding period in 2015. This was driven by an 81% reduction in Australian ore production as a result of the Company's decision to suspend operations at the Woodie Woodie mine with effect from 2nd February 2016 and commence the transition into care and maintenance.

The manganese C1 unit cash cost for the quarter was \$1.74/dmtu, an improvement of 12% from \$1.97/dmtu for Q1 2015, which was largely driven by the Group C1 cash unit cost only including Australian C1 cash unit costs for the period up to 2nd February 2016.

The company's manganese ore shipments totalled 490k dry tonnes during Q1 2016, a decrease of 15% compared to Q1 2015. Shipments of Australian manganese ore in Q1 2016 were only 72k dry tonnes, a decrease of 80% compared to Q1 2015 due to the company's decision to suspend operations at the Woodie Woodie mine at the beginning of February 2016 and due to the poor pricing levels seen during the first quarter. Sales tonnes from Ghana were however 97% higher than in Q1 2015, which had been negatively impacted following the termination of the TMI contract in the second half of 2014.

The quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q1 2016 was \$2.07/dmtu, a decrease of 46% from \$3.83/dmtu in Q1 2015 and also down 17% from \$2.48/dmtu in Q4 2015. By the end of April, manganese prices had more than doubled compared to February 2016 prices as supply curtailments and reduced imports led to a very substantial drawdown of China's port stocks. This along with a moderate improvement in steel prices gave traders and suppliers the ability to push up prices aggressively due to a shortage of immediately available ore in China. The company has taken this opportunity to contract its stockpiled Australian manganese ore for Q2 shipments at substantially increased prices from that seen during Q1 2016.

Despite the recent improvement in manganese ore prices the pricing outlook remains unclear due to the uncertainty over whether the recent improved steel performance will continue, and whether major seaborne ore suppliers continue to show supply discipline. The company continues to believe that prices seen in January and February 2016 were too low to be sustainable, however, the Company remains cautious about the current strength in ore prices which may entice marginal suppliers to re-enter the market, exerting downward pressure on prices.

Although the Company ended 2015 with net cash and cash equivalents of \$76 million, the weakness of pricing for manganese ore in the first quarter, as well as the costs associated with placing the Woodie Woodie mine into care and maintenance have put further pressure on liquidity, with the Company's net cash and cash equivalents having reduced to US\$39 million at 31 March 2016.

As a result of the level and speed of depletion of the Group's cash balances during Q1 2016 the Company announced on 8 March 2016 that it anticipated discussions with holders of the 8.000% Senior Secured Notes due May 15, 2020 regarding these Notes. Discussions with the noteholders representatives commenced in April 2016 and are continuing with a view to implement a solution to improve the Company's liquidity."

About Consolidated Minerals Limited

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

[Consolidated Minerals 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 www.consmin.com

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