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- Further to the announcement on 8 March 2016 by Consolidated Minerals ("Consmin", the "Group" or the "Company"), the Company has continued its discussions with an ad hoc committee of holders (the "Committee") of the 8.000% Senior Secured Notes due May 15, 2020 (collectively, the "Notes") in relation to potential amendments of the Company's obligations under the terms of the Notes (the "Proposed Amendments").
- The Company is pleased to announce that on 14 June 2016 it entered into a Standstill and Lock-up Agreement (the "Lock-up Agreement") with Noteholders representing 83% of the outstanding Notes (the "Consenting Noteholders"), pursuant to which the Consenting Noteholders have agreed to support certain amendments to the Notes through a consent solicitation process.

#### The Proposed Amendments

The Proposed Amendments agreed between the Company and the Committee are set out in a term sheet that forms part of the Lock-up Agreement, and is available on the Company's website. The principal amendments are as follows:

- The May and November 2016 coupons will be met through an 8.0% p.a. payment in kind with interest rolled up into principal ("PIK Interest") plus a 2.0% p.a. payment in cash;
- The Company can elect to pay each of the May and November 2017 coupons through either (1) a 7.0% p.a. PIK Interest and 3.0% p.a. cash payment or (2) an 8.0% p.a. payment in cash;
- Noteholders accepting the terms of Consent Solicitation will be entitled to a 0.5% fee plus a further 0.5% if such acceptance is received within 10 days of the launch of the consent solicitation process; and
- Certain adjustments to the Indenture in favour of the Noteholders have been agreed including changes to limits on incurring additional indebtedness, certain requirements relating to future capital expenditure plans, amendments to the requirement to use proceeds from asset sales to buy back Notes and a restriction on making certain dividend payments while Notes are outstanding.

The Proposed Amendments will have the effect of providing the Company with significant additional liquidity during the current period of low manganese prices.

#### Consent Solicitation Process

Pursuant to the Lock-up Agreement, the Company will launch a consent solicitation by 7 July 2016 with respect to the Proposed Amendments. In order to become effective, the holders of 95% of the aggregate outstanding principal amount of the Notes must provide approval. Noteholders representing 83% of the aggregate outstanding principal amount of the Notes have signed the Lock-up Agreement and committed to vote in favour.

#### Trading Update

##### 2016 guidance

The Company confirms that Nsuta sales volumes to TMI are expected to be in the region of 1.4-1.6Mt in 2016. The Company expects all other product sales to be made on the basis of spot pricing or short-term contracts with its customers. Revenue guidance for the Group (inclusive of sales from Ghana and Australia) is forecast to be between US\$100-110M for this financial year.

#### Certain Projections

During discussions with the Committee, certain financial projections were provided by the Company to the Committee for periods up to and including the fiscal years ending December 31, 2023. These financial projections include the effect of the proposed amendments to the terms of the Notes discussed by the Company and the Committee. The projections below are subject to the risks associated with forward-looking statements as further explained in the statement at the end of this press release.

#### Company Projections

In connection with the key projections as set out below, the Company assumes that Nsuta's manganese production will gradually increase from 1.5Mt in 2016 to c.3.0Mt in 2023 following the ramp-up of mining operations that will be enabled by the development and expansion of Pit-C (including C-North area). From 2017 to 2023 the Company's sales volumes are planned to be equal to annual production.

The Company's C1 unit cash costs are expected to trend downwards in real terms (and at constant FX rates) over the period owing

to the increased production volumes. Total corporate costs not included in the calculation of C1 cash costs in Ghana and Jersey (excluding financing and sales related costs) are forecast to stabilise in real terms from 2017 onwards in the range of US\$8-10M per annum.

The Company has no current plans to restart operations at Woodie Woodie. It will remain on care and maintenance and the related costs are expected to be in the range of US\$1-3 million per annum (excluding exploration to maintain tenements costs and hire purchase repayments). Management will from time to time review the viability of restarting Woodie Woodie and in doing so will assess amongst other things the long term outlook for manganese prices, the level of customer demand for Woodie Woodie product, the costs of restarting Woodie Woodie and the expected operating costs at the mine which will be heavily impacted by the A\$ to US\$ exchange rate. At this stage management does not believe it would be economic to restart Woodie Woodie unless and until it has a high level of confidence that the price of manganese will sustainably remain close to the current level, pricing volatility decreases significantly and any Woodie Woodie additional supply would not affect the manganese market negatively and materially but this is subject to ongoing review. Any costs of restarting Woodie Woodie operations are not included in these projections but if a restart was considered viable, management's current estimate of restart costs would be c.US\$20 million subject to the time and form of any operational restart.

Following the completion of placing Woodie Woodie on care and maintenance and the suspension of operations at the mine, the Company foresees consolidated annual net working capital requirements to broadly stabilise from 2017 onwards within a range of US\$(2.0)-4.0M.

The Company remains committed to its capex program in order to ramp up its operation in Ghana to 3Mtpa of production by 2023. Maintenance and development capex<sup>[1]</sup> is estimated for the period to range from \$120-\$140M and includes cost associated with the necessary development of the Port of Takoradi and capex for the essential development of Pit-C North at Nsuta which are collectively estimated at c. \$30-35M. Exploration expenditure is forecast to amount to \$20-\$30M<sup>[2]</sup> over the forecast period. The ramp-up of the operations at Nsuta is substantially dependent on the development of Pit-C and the implementation of the planned port expansion at Takoradi on schedule. These developments are subject to factors beyond our control including third-party and government approvals. Management currently plan to undertake the development of Pit-C North between 2017 and 2019 and the works at Takoradi between 2018 and 2019.

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1. A majority of this capex relates to mining fleet replacements and major components changeouts
2. This includes exploration expenditure to maintain tenements in Australia

The table below sets out the key projections that were provided to the Committee during the Proposed Restructuring discussions:

Item	Units	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Nsuta Production Forecast	Mt	1.5	2.0	2.0	2.2	2.4	2.6	2.8	3.0
Sales Volumes to TMI	Mt	1.4-1.6	Subject to customer demand						
Nsuta aggregate freight charge	\$/dmtu	c.0.8	c.0.6	c.0.6	Expected to reach c.\$0.5/dmtu from 2019 onwards following the development at Takoradi				
Nsuta C1 Cash Cost	\$/dmtu	c.1.4- 1.5	Expected to gradually decline post 2016						
Corporate Costs (Ghana and Jersey)	\$M	c. 10- 15	Expected to be in the range of 8-10 p.a.						
Woodie Woodie Operating/C &M Costs	\$M	c. 50- 55	Expected to be in the range of 1-3 p.a.						
Working Capital (inflow) / requirement	\$M	c. (8) - (10)	This will broadly stabilise at c. (2.0)-4.0						
Maintenance & Development Capex	\$M	c. 4.5	c. 120-140						
Exploration Expenditure	\$M	c. 2.5	c.20-30						
Hire Purchase Scheduled Payments (Australia)	\$M	7.3	3.8	2.6	1.0	N/A			
Royalties (Ghana)		Royalties are forecast to be calculated in the same manner as previous years at a rate of 5%							
Tax		Taxes are forecast to be calculated in the same manner as previous years at local statutory tax rates							

The projections set forth above are forward-looking statements that represent management's own judgments and expectations. They speak only as of the date on which they are made and are based on the knowledge, information available and views taken on the date on which they are made; such knowledge, information and views may change at any time. By their very nature, forward-looking statements are not statements of historical or current facts; they cannot be objectively verified, are speculative and involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers that a number of factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by us or on our behalf. These factors include, but are not limited to, with respect to the Company and, where applicable, the Group:

- changes in general economic and business conditions and financial markets;
- a continued or further extended decline in manganese prices;
- levels of Chinese, other Asian and Ukrainian demand for manganese ore, in particular from our Chinese customer TMI;
- third-party approvals and the satisfaction of other conditions for the development of North Pit C and the Takoradi port;
- our ability to secure sources of liquidity for our capex plans at Nsuta;
- our ability to transition from our current transshipment arrangements at Nsuta;
- dependence on key customers in particular TMI and other Asian EMM producers;
- competition, improved competitor infrastructure, or competition for existing infrastructure capacity and new entrants to the market;
- our strategies, outlook and growth prospects;
- availability of equipment, labor and transportation;
- logistical constraints due to the location of resource deposits;
- failure to discover new resources or convert resources into reserves;
- operational disruptions due to extreme weather, natural disasters, environmental contamination, health risks to workforce, interruptions in supplies and other factors;
- accuracy of geological calculations and resource estimates;
- insurance coverage against potential losses liabilities and damages;
- the availability of financing on commercially acceptable terms;

- changes in national, state and local laws, regulations and taxes;
- the ability to obtain and retain required permits and licenses or to satisfy any ongoing conditions in relation to existing permits or licenses;
- actions by governments or political events in the countries in which we operate;
- disputes over land;
- foreign currency exchange rate fluctuations;
- fuel prices
- freight rates
- the outcome of pending litigation and investigations;
- conflicts of interest with ultimate controlling shareholder; and
- factors that are not known to us at this time.

Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. The securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State of the United States or other jurisdiction and the securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities laws.

#### About Consolidated Minerals Limited

Consmin is a leading manganese ore producer with mining assets in Australia and Ghana. The principal activities of 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).

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