

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

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ST. HELIER - Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its third quarter results for the period ending 30 September 2016.

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

"Production in the quarter from our Nsuta mine in Ghana increased 29% compared to the corresponding period in 2015 underpinned by continuing improved demand for the Company's Ghanaian ore. Total production for the Consmin Group however decreased 17% during the third quarter of 2016 compared to the corresponding period in 2015. This reduction was due to the Australian Woodie Woodie being on care and maintenance since Q1 2016. As a result production from Australia was 91% lower in the quarter with production only relating to limited processing of remaining ROM stockpiles.

The manganese C1 cash cost for the quarter was \$1.22/dmtu, an improvement of 45% from \$2.20/dmtu for Q3 2015. The C1 cash cost for Q3 2016 does not include any costs or production from the Australian operations which were on care and maintenance.

Sales tonnes from Ghana were nearly 700k dry tonnes, being 36% higher than in Q3 2015. There were no shipments of Australian manganese ore during the quarter.

The quarterly average 44% benchmark CIF price for manganese lump in Q3 2016 was \$4.00/dmtu, up 32% from \$3.03/dmtu in Q2 2016. Manganese ore prices in 2016 started the year at multi year lows and then rose in the second and early third quarter on the back of supply curtailments and reduced imports into China. Price rises were also supported by better than expected steel performance in China, however increased imports in Q2, causing prices to decline in August and September. However, due to recent logistical issues in South Africa (the biggest manganese ore exporting country), prices have surged since October and are now on track to finish the year at multi-year highs of over \$6.00/dmtu. Other factors driving prices to these high levels are stockpiling prior to the Chinese New Year holiday, which begins on January 28th 2017, and accumulating and holding of spot material by traders at China ports leveraging supply disruptions.

The company is positive towards the better performance of manganese ore prices in late 2016 but remains cautious on the ensuing volatility. Such high prices are attracting an increase of supply of non-mainstream ores, both domestically in China and from abroad, which are attractive as lower grade cheaper options to mainstream ores. As a result, prices will likely lose momentum once stockpiling is completed and more ore arrives in China, assuming South Africa solves its logistical issues in the near term. Although we expect prices to soften, we feel they should not return to the lows experienced at the beginning of 2016 but rather find a new sustainable price range, supported by market fundamentals.

As noted in the previous quarter's result, on 15 August the Company announced the successful conclusion to the consent solicitation process, having received consents from 96.43% of the Noteholders. The Company would like to thank the majority of Holders for their support and notes the beneficial effect that these amendments will have in providing the Company with significant additional liquidity during the current period of low and volatile manganese prices.

On 15 November the Company announced that its ultimate beneficial owner and direct shareholders ("Sellers") had entered into a share purchase agreement ("SPA") with China Tian Yuan Manganese Limited ("Purchaser"), a subsidiary of Ningxia Tianyuan Manganese Industry Co., Ltd. ("TMI") pursuant to which the Sellers agreed to sell and transfer to the Purchaser all of their respective right and title to both the entire share capital of the Company and the shareholders funding given by them to the Company (the "Transaction").

The Transaction is conditional upon a number of conditions which are set out in the SPA, including, but not limited to certain government consents, certain consents from the holders of the then outstanding US\$400,000,000 8% Senior Secured Notes due 2020 (the "Notes") and the execution of an offtake agreement between Manganese Trading Limited, a subsidiary of the Company, and Grizal Enterprises Limited (a "Seller" in the Transaction) ("Grizal") which will become effective simultaneously with completion of the Transaction (the "Offtake Agreement"). The Offtake Agreement provides that Grizal may, in its absolute discretion, purchase from MTL, in any calendar year, up to 600kt of Ghanaian Manganese Ore for a period of ten years from completion of the Transaction". If the conditions to the Transaction are not satisfied or waived within the period of six months from the signing, the SPA shall terminate and the Transaction will not complete."

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 <http://www.consmin.com>

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