Consolidated Minerals Limited Financial Results for the three months to 31 March 2017

Table of Contents

Consolidated Minerals Limited ('Consmin' or the 'Company')

Report for the First Quarter ending 31 March 2017

29th May 2017

All figures in accordance with IFRS and in United States Dollars, unless otherwise stated

Consmin, a leading manganese ore producer with mining operations in Australia and Ghana, announces its quarterly results for the period ended 31 March 2017.

Acquisition Update

- On 15 November 2016 the Company announced that its ultimate beneficial and legal owners ("Sellers") had entered into a share purchase agreement ("SPA") with China Tian Yuan Manganese Limited ("CTYML"), a subsidiary of Ningxia Tianyuan Manganese Industry Co., Ltd. ("TMI") pursuant to which the Sellers agreed to sell and transfer to CTYML all of their respective right and title to both the entire issued 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 and certain consents from the holders of the then outstanding US$400,000,000 Senior Secured Notes due 2020 (the "Notes").
- On 4 April 2017, the Company announced that holders of 89.84% of the Notes (the "Consenting Noteholders") had locked up to tender their notes to and provide certain consents in relation to the Transaction, pursuant to the terms of a lock-up agreement between, amongst others, CTYML, the Company and the Consenting Noteholders (the "Lock-up Deed"). Pursuant to the Lock-up Deed, CTYML launched a tender offer and consent solicitation in respect of the Notes (the "Tender Offer and Consent Solicitation") the terms of which were set out in an offer to purchase and consent solicitation statement dated 4 April 2017 (the "Statement"). The Tender Offer and Consent Solicitation is open to acceptance by all holders of the Notes. In order to become effective, the holders of at least 90% of the aggregate principal amount of the Notes must tender into the Tender Offer and provide their consent to certain amendments to the terms of the Notes.
- On 21 April 2017, the Company announced that CTYML was extending the expiration date set out in the Statement to 11:59pm (EST) on May 31, 2017 pending the approval of the Ghanaian government (the "Ghana Consent Condition").
- On 8 May 2017, the Company announced that the Ghana Consent Condition had been satisfied and that CTYML was exercising its right to bring forward the Expiration Date of the Tender Offer and Consent Solicitation. CTYML gave notice that the Expiration Date should be brought forward to 11:59 pm EST on May 19, 2017 with the payment date expected to occur on or before May 24, 2017. It was further noted that in connection with the payment of interest on the Notes due on May 15, 2017 and in compliance with the terms of the Notes, the Company had elected to pay interest on the Notes for the May 2017 Interest Period entirely in cash at a rate equal to 8.000% per annum.
- On 22 May 2017 the Company announced that the Tender Offer and Consent Solicitation launched by CTYML had successfully concluded with holders of 99.94% of the Notes having tendered their Notes and provided their consent to certain amendments to the terms of the Notes. On 25 May the Company announced that the Transaction had successfully closed with CTYML becoming the 100% legal and beneficial owner of the Company.

Key highlights

- Total tonnes of manganese ore production for Q1 2017 increased 109% compared to Q1 2016. Australian manganese ore production increased 74% and Ghanaian manganese ore production increased 117% compared to Q1 2016.
- Manganese C1 cash cost1 for Q1 2017 was $1.25/dmtu compared to $1.74/dmtu in Q1 2016, a decrease of 28%.
- Total manganese sales tonnes increased 77% in Q1 2017 compared to Q1 2016. Australian manganese tonnes sold decreased 37% but Ghanaian manganese tonnes sold increased 97%.
- Average manganese FOB sales price achieved increase 70% from $1.44 in Q1 2016 to $2.45 in Q1 2017.

- The quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q1 2017 was $5.78/dmtu, an increase of 180% compared to $2.07/dmtu in Q1 2016 but was down 26% from $7.76/dmtu in Q4 2016..
- Adjusted EBITDA[2] for Q1 2017 was a $18 million profit, an increase of $27 million from $9 million loss in Q1 2016. This increase is principally due to higher revenues as a result of higher pricing and increased volumes sold. Cash EBITDA for Q1 2017 was a profit of $18 million, increased from $11 million loss in Q1 2016.
- The Group recorded a profit for the period of $5 million compared to a loss of $33 million in Q1 2016.
- During the quarter the group had an operating cash inflow of $13 million compared to an outflow of $33 million in Q1 2016.
- Cash and cash equivalents net of overdrafts increased in Q1 2017 by $3 million to $43 million on 31 March 2017.
- Total capital expenditure for the group in Q1 2017 was $7 million, 393% higher than in Q1 2016. Total capital expenditure included payments for major components ordered and delivered in 2016 but settled in 2017.

Key Performance Indicators

Unaudited	**Quarter ended 31 March 2017**	**31 March 2016**	**% change**
Manganese ore produced (dry kt)	814.0	389.7	108.9%
Manganese ore sales (dry kt)	868.9	490.2	77.3%
Average C1 manganese unit cash cost ($/dmtu)[1]	1.25	1.74	(28.2%)
Average manganese FOB Sales price ($/dmtu)	2.45	1.44	70.1%
Revenue ($ million)	59.2	21.4	176.6%
Adjusted EBITDA ($ million)[2]	18.0	(8.9)	(302.2%)
'Cash' EBITDA ($ million)[2]	17.6	(11.2)	(257.1%)
Profit / (loss) for the period from continuing operations	4.8	(33.2)	(114.5%)
	At 31 March 2017	**At 31 December 2016**	**% change**
Cash and cash equivalents ($ million)	43.3	40.0	8.2%
Gross debt ($ million)	(414.5)	(414.9)	0.1%
Gross debt excluding high yield bonds ($ million)	(6.0)	(7.1)	15.5%
Net debt ($ million)	(371.2)	(374.9)	1.0%

[1] Average C1 manganese unit cash cost represents the cash cost incurred at each processing stage from mining through to shiploading, divided by the total manganese dmtus produced. Included within the C1 manganese cash costs are an allocation of offsite, non-corporate and support services. Depreciation, government royalty payments, deferred stripping adjustments and stockpile movements are not included in the calculation.

[2] "Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss and exceptional items[3]. 'Cash' EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories. Adjusted EBITDA and Cash EBITDA are the key profitability measures used across the business and reflect performance in a consistent manner and in line with how the business is managed and measured on a day to day basis. Adjusted EBITDA and Cash EBITDA are not uniformly or legally defined measures and are not recognised under IFRS or any other generally accepted accounting principles. Other companies in the mining industry may calculate these measures differently and consequently, our presentation of Adjusted EBITDA and Cash EBITDA items may not be readily comparable to other companies' figures.

[3] Exceptional items are material or non-recurring items excluded from management's assessment of profits because by their nature they could distort the Group's underlying quality of earnings. These are excluded to reflect performance in a consistent manner and in line with how the business is managed and measured on a day to day basis.

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

"The acquisition of Consmin by TMI represents the start of an exciting new chapter in the history of the Company. TMI and Consmin are jointly building a strong multinational conglomerate with the ability to develop and grow its production and processing capabilities. Management expect to continue operating Consmin in the interests of all stakeholders and look forward to implementing TMI's growth plans for the Company.

During the quarter Consmin's operational performance improved with a 109% increase in Group production compared to the corresponding period in 2016.This was driven by a 117% increase in Ghanaian ore production following a ramp-up of output to meet the strong demand for this product. Australian ore production also increased by 74% compared with production in the first quarter of 2016 following the decision in November 2016 to process selective stockpiles of low grade ore which commenced in January 2017. Australian production in Q1 2016 was limited 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 $1.25/dmtu, an improvement of 20% from $1.74/dmtu for Q1 2016.

The company's manganese ore shipments totalled 869k dry tonnes during Q1 2017, an increase of 77% compared to Q1 2016. Sales of Ghanaian manganese ore rose 97% to 823k dry tonnes, a record for quarterly shipments from the Nsuta mine, compared to 418k dry tonnes in Q1 2016. During the quarter the Ghanaian customer base was reasonably well diversified, and included sales to our long-term customers TMI and Ukraine and also to buyers from the Chinese alloy and EMM/EMD sectors. Shipments of Australian manganese were only 46k dry tonnes in Q1 2017, a decrease of 37% compared to Q1 2016 with the Woodie Woodie mine remaining on care and maintenance with sales during the Q1 2017 being from the processing of lower grade stockpiles.

The benchmark quarterly average price for manganese ore (CRU, 44%Mn CIF China) in Q1 2017 was $5.78/dmtu, an increase of 180% year on year from $2.07/dmtu in Q1 2016, but down 26% from an average of $7.76/dmtu in the previous quarter (Q4 2016). By the end of March, however, manganese prices for high grade ores fell to circa $4.00/dmtu but rose again in April and May as traders in China decided to hold back port stockpile sales.

Although much improved from Q1 2016, the manganese ore market still remains fragile as China's ore imports have averaged 2.0 million tonnes per month in the first quarter and port stocks have remained at over 3.0 million tonnes. Manganese ore supply has been abundant and should demand for ore begin to soften, ore prices are likely to come under renewed downward pressure, unless new shipments from global suppliers are cut significantly and port stocks are reduced. As a result of these uncertain factors, volatility in manganese ore pricing is expected to persist throughout the remainder of 2017, with much depending on the performance of China's steel industry and supplier response to any negative changes in the Chinese steel market.

The Company ended 2016 with net cash and cash equivalents of $40 million and has maintained liquidity at similar levels during Q1 2017 with net cash and cash equivalents having increased to $43 million at 31 March 2017.

About Consolidated Minerals Limited

Consmin 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: Pilbara Manganese Pty Limited (Australia), Ghana Manganese Company Limited (Ghana), Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

Consolidated Minerals Limited 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 or contact:

Consmin: +44(0)1534 513 300

Mark Camaj, General Manager, Marketing
Jurgen Eijgendaal, Managing Director, Ghana
David Slater, Executive Director and CFO

Conference Call

There will be a conference call for analysts and bondholders, the details of which will be released on the Company website www.consmin.com.

Market, Economic and Industry Data

Market, economic and industry data used throughout this report has been derived from various industry and other independent sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and such industry forecasts may not have been updated. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward looking statements contained in this report.

Forward looking statements

This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words 'plans,' 'expects,' 'anticipates,' 'believes,' 'intends,' 'estimates' and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors. Although Consmin's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Consmin, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of Consmin include, but are not limited to, political, economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the Australian dollar and US dollar exchange rates), Consmin's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to process its mineral reserves successfully and on a timely basis. Consmin is also exposed to the risk of trespass, theft and vandalism, changes in its business strategy, as well as risks and hazards associated with the business of mineral exploration, development, mining and production. Accordingly, investors should not place reliance on forward looking statements contained in this report.

The forward-looking statements in this report reflect information available at the time of preparing this report. Subject to the requirements of the applicable law, Consmin explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this report that may occur due to any change in Consmin's expectations or to reflect events or circumstances after the date of this report. No statements made in this report regarding expectations of future profits are profit forecasts or estimates, and no statements made in this report should be interpreted to mean that Consmin's profits for any future period will necessarily match or exceed the historical published profits of Consmin or any other level.

Marketing Review

Global steel production in Q1 2017 rose by 5.6% compared to the same quarter of the prior year to 414 million tonnes and by 1.4% compared to Q4 2016. China accounted for 49% of global production in Q1 2017, with its production rising by 4.4% compared to the same quarter of the prior year to 201 million tonnes but its output was down 0.6% from the previous quarter (Q4 2016). As a result of rising steel production imports of manganese ore to China rose by 96% compared to the same quarter of the prior year to 5.9 million tonnes in the quarter (23.5 million tonnes annualised), and grew by 25% from the previous quarter (Q4 2016). It is important to note that imports during the comparative period of Q1 2016 were substantially lower than normal quarterly average imports exaggerating the quarterly growth compared to the prior year (2.99 million tonnes in Q1 2016 vs. quarterly average for full year 2016 of 4.26 million tonnes), due to major global cutbacks implemented in early 2016 by major miners. However, imports were still up substantially compared to normal levels of imports into China, leading to a port stocks rise from 2.2 million at the start of 2017 to over 3.5 million tonnes by the end of March 2017.

The company's manganese ore shipments totalled 869k dry tonnes during Q1 2017, an increase of 77% compared to Q1 2016 where 490k dry tonnes were shipped. Shipments of Australian manganese were only 46k dry tonnes in Q1, a decrease of 37% compared to Q1 2016, as the Woodie Woodie mine remained on care and maintenance with sales during the quarter only from lower grade stockpiles. Sales from Ghana rose 97% to 823k dry tonnes, a record high quarterly shipments from the Nsuta mine, compared to 418k dry tonnes in Q1 2016. The Ghanaian customer base was reasonably well diversified during the quarter, including sales to our long-term customers TMI and Ukraine and also to buyers from the Chinese alloy and EMM/EMD sectors.

The benchmark quarterly average price for manganese lump (CRU, 44%Mn CIF China) in Q1 2017 was $5.78/dmtu, an increase of 180% compared to the same quarter of the prior year from $2.07/dmtu in Q1 2016 but was down 26% from $7.76/dmtu in the previous quarter (Q4 2016). By the end of March however manganese prices for high grade ores fell to circa $4.00/dmtu but rose again in April and May as traders and financing companies, who bought manganese ore at the higher prices between December 2016 and February 2017, decided to hold back port stockpile sales in order to avoid significant losses. Stocks at China ports have risen substantially as a result of trader holdouts.

Although very much improved from a year earlier, the manganese ore market still remains fragile as China's ore imports have averaged 2.0 million tonnes per month in the first quarter and port stocks have remained at over 3.0 million tonnes. Manganese ore supply has been abundant and should demand for ore begin to soften, ore prices are likely to come under renewed downward pressure, unless new shipments from global suppliers are cut significantly and port stocks are reduced. As a result of these uncertain factors, volatility in manganese ore pricing is likely to persist throughout 2017, with much depending on the performance of China's steel industry and supplier response to any negative changes in the Chinese steel market.

Operational Review

	Quarter ended		
Summary Overview (Unaudited)	**31 March 2017**	**31 March 2016**	**% change**
Total mined (mBCM)	2.4	1.9	26.3%
Manganese ore produced (dry kt)	814.0	389.7	108.9%
Australia	*130.9*	*75.3*	*73.8%*
Ghana	*683.1*	*314.4*	*117.3%*
Manganese ore produced (mdmtu)	23.2	11.9	95.0%
Australia	*4.3*	*3.0*	*43.3%*
Ghana	*18.9*	*8.9*	*112.4%*
Manganese ore sales (dry kt)	868.9	490.2	77.3%
Australia	*45.5*	*72.4*	*(37.2%)*
Ghana	*823.4*	*417.8*	*97.1%*
Manganese ore sales (mdmtu)	24.4	14.9	63.8%
Australia	*1.6*	*3.3*	*(51.5%)*
Ghana	*22.8*	*11.6*	*96.6%*
Total capex – including exploration ($ million)	6.9	1.4	392.9%
Average unit cash cost ($/dmtu)	1.25	1.74	28.2%

Australia: Woodie Woodie

Care and maintenance

Following the decision taken in January 2016 to place the mine on care and maintenance, mining operations ceased in early February 2016 with the mine being safely transitioned into care and maintenance during Q1 2016. The mine has remained on care and maintenance with no mining activity since then.

Production and sales

Although no mining has taken place since February 2016, in November 2016 a decision was made to process selective stockpiles of low grade ore, which commenced in January 2017. Production in Q1 2017 totalled 131k tonnes of manganese ore (4.3 million dmtu). The sales in Q1 2017 sales totalled 46k tonnes of manganese ore (1.6 million dmtu).

Capital expenditure
No capital projects were conducted in Q1 2017.

Exploration
A modest 1.2km tenement maintenance drilling program has been planned for 2017 and is scheduled to commence in April 2017. No drilling or other ground activities took place in Q1 2017.

Ghana: Ghana Manganese Company Limited ('GMC')

Safety
As indicated in our 2016 annual operational review, GMC regrettably suffered a fatality involving one of our employees, who was performing scheduled maintenance work on an 11kV electricity transmission line at the mine in February 2017. Local regulating authorities have concluded the incident investigations and disciplinary sanctions have been issued to all those involved or in a position of responsibility. Further, the Company has been issued and has settled a fine of US$10,000 to the Inspectorate Division of the Minerals Division. We have reiterated to staff and stakeholders that any loss of life at our operations is unacceptable. We will continue to work relentlessly to build and improve the health and safety standards of our organisation.

Production and sales
Production at GMC totalled 683k tonnes of manganese ore (18.9 million dmtu) during the first quarter of 2017, representing a 117% increase in tonnes (112% increase in dmtu) compared to the same quarter in 2016. In Q1 2017 GMC sold 823k tonnes of manganese ore (22.8 million dmtu) representing a 97% increase in both tonnes and dmtus compared to the first quarter of 2016.

Capital Expenditure
The capital expenditure in Q1 2017 was $5.9 million, with the vast majority spent on main components ordered and delivered in 2016 but paid for in 2017 $0.7 million spent on light vehicles and a wheel loader with a further $0.2 million spent on civil projects.

In the first quarter of 2016 a total of $0.4 million was spent on capital expenditure projects, all of which was spent on critical spares and components for the mobile and fixed equipment.

Exploration
There were no exploration expenditure during Q1 2017. During the first quarter of 2016 we spent $0.5 million on infill drilling focused on the continued resource development of our main Pit C.

Projects

Port Development Project:
Following earlier reported managerial changes at Ghana Ports and Harbour Authority (GPHA), GMC is still awaiting an official update on the tender selection process in respect of the Takoradi bulk terminal operator. A formal update should be received during Q2 2017. During Q1 2017 there was no significant infra-structural work at the Takoradi port. It is therefore expected that these delays could potentially impact the timing of the final commissioning of the Takoradi port project (previously scheduled by early 2019).

Pit C-North Development:
Good progress has been made with the earthwork development phase of the resettlement programme. GMC has reached the final stage of selecting the building contractors. In total $1.1 million has been spent on the Pit C North resettlement project in Q1 2017 (budget was $2.2 million).The GMC technical team had another follow-up meeting with GRIDCO (a public utility provider) in March 2017. Parties have investigated options to divert and re-route the powerline on GMC's concession to accommodate the concerns expressed by GMC. A survey on the alternative line is expected to take place in May 2017.

Hotopo Exploration Project:
Following the presentation of the first 2016 drilling results, which clearly showed the complexity of the Mn geological area explored, GMC has drafted the next phase exploration proposal for Hotopo Resources Limited (HRL). It is planned to undertake this program after the rainy season in 2017.

Other

Mindy Mindy
Consmin has a significant interest in the Mindy Mindy iron ore tenements through its 50% shareholding in Pilbara Iron Ore Pty Ltd ('PIO'). PIO's claim that it has earned an 80% ownership interest in one of the tenements is subject to court determination. A decision adverse to PIO was handed down in the Warden's Court on 16 September 2014. PIO lodged an appeal in the Supreme Court of Western Australia against the Warden's decision. The hearing of that appeal concluded on 31 March 2016, with the Judge reserving his decision. A decision is expected to be handed down in Q2 of 2017.

OM Holdings Limited ('OM Holdings')
OM Holdings is, primarily, a vertically integrated manganese mining, processing and marketing company listed on the ASX (ticker: OMH). At 31 March 2017, the Company's holding in OM Holdings remained at 8.0%, consistent with 31 December 2016. During the quarter the market value of the Company's holding in OM Holdings decreased by $1.9 million to $4.9 million as at 31 March 2017.

People

The operational management decisions of the Group are made by the Group Executive Committee ('GEC'). The GEC members are Mark Camaj (General Manager: Marketing), Jurgen Eijgendaal (Managing Director: Ghana), Oleg Sheyko (CEO of Metals Solutions) and David Slater (Executive Director and Chief Financial Officer).

Financial Review

Unaudited Condensed Consolidated Statement of Comprehensive Income

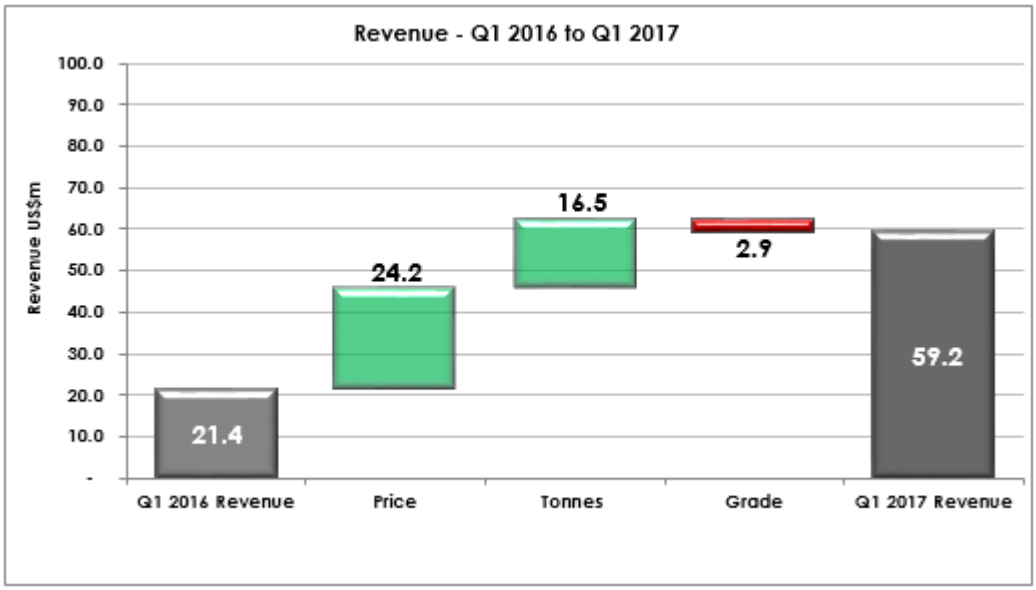
$m	Quarter ended 31 March 2017	Quarter ended 31 March 2016
Revenue	59.2	21.4
Cost of sales	(24.6)	(29.4)
Gross profit / (loss)	**34.6**	**(8.0)**
Selling and distribution costs	(11.2)	(5.6)
General and administrative costs	(9.9)	(9.1)
Other operating income - net	0.3	0.4
Impairment expense	-	(2.4)
Net foreign exchange gain	4.6	0.6
Operating profit / (loss)	**18.4**	**(24.1)**
Presented as:		
Adjusted EBITDA	**18.0**	**(8.9)**
Depreciation and amortisation	(4.2)	(2.9)
Impairment expense	-	(2.4)
Restructuring costs	-	(10.5)
Net foreign exchange gain / (loss)	4.6	0.6
Operating profit / (loss)	**18.4**	**(24.1)**
Net financing costs	(11.5)	(8.8)
Profit / (loss) before tax	**6.9**	**(32.9)**
Income tax charge	(2.1)	(0.3)
Profit / (loss) for the period	**4.8**	**(33.2)**

Revenue

The consolidated revenue for the Group increased by 177% from $21 million in Q1 2016 to $59 million in Q1 2017 as a result of the combination of both higher volumes sold and higher pricing. Manganese volumes sold (in tonnes) increased by 77% in Q1 2017 and volumes sold in dmtus increased by 64% (due to the majority of sales being of the relatively lower grade manganese ore). Sales tonnes from Ghana were 97% higher than in Q1 2016 and sales tonnes from Australia were 37% lower than Q1 2016.

The average price of our manganese ore sold increased by 70% from $1.44/dmtu FOB in Q1 2016 to $2.45/dmtu FOB in Q1 2017 due to improved ore pricing in the first quarter of the year.

The graph below summarises the increase in revenue compared to Q1 2017:



Cost of Sales

The cost of sales for the Group decreased by 16% from $29 million in Q1 2016 to $25 million in Q1 2017. An analysis of the cost of sales is as follows:

$m	Quarter ended 31 March 2017	31 March 2016	Movement
Mining and production expenses	17.9	27.1	(33.9%)
Depreciation and amortisation	4.2	2.9	44.8%
Royalties and other taxes	2.5	1.7	47.1%
Deferred stripping	(0.2)	(0.4)	50.0%
Net movement in inventories	(0.2)	(1.9)	89.5%
Other	0.4	-	100.0%
Total cost of sales	**24.6**	**29.4**	**(16.3%)**

The principal factors driving this $5 million reduction are as follows:

- A $9 million benefit from reduced mining and production costs following the decision to place the Australian operations into care and maintenance with effect from 2 February 2016. Q1 2016 included $11 million of redundancy cost following this transition.

  offset by:

- A $2 million adverse change in net movement in inventories;
- A $1 million increased cost of depreciation and amortisation as a result of higher production volumes;
- A $1 million increase of royalties payments as a result of higher revenues.

The Company uses the 'C1 cash cost' as a measure of average unit cost. The C1 unit cash cost represents the cash cost incurred at each processing stage from mining through to ship loading, divided by the total manganese dmtu produced. The average C1 unit cost of manganese production, on a "fully expensed" mining cost basis, was $1.25 for Q1 2017, a decrease of 28% from $1.74/dmtu for Q1 2016. The Group C1 cash unit cost for Q1 2017 relates only to C1 unit costs from Ghana whereas Q1 2016 includes Australian C1 cash unit costs for the period up to 2nd February 2016 when the mine was placed on care and maintenance.

Gross Profit / Loss

Gross profit for the Group was $35 million in Q1 2017, an increase of $43 million from $8 million gross loss in Q1 2016. The gross margin in Q1 2017 was 58% compared to a minus 37% gross profit margin in Q1 2016. The increase in both gross profit and gross profit margin has been driven by higher manganese ore prices, higher sales volumes and reduced mining costs.

Adjusted EBITDA and Cash EBITDA

Adjusted EBITDA and Cash EBITDA are calculated as follows:

$m	Quarter ended 31 March 2017	31 March 2016
Operating profit / (loss)	**18.4**	**(24.1)**
Depreciation and amortisation	4.2	2.9
Impairment of available for sale financial assets	-	2.4
Restructuring costs	-	10.5
Net foreign exchange gain	(4.6)	(0.6)
Adjusted EBITDA	**18.0**	**(8.9)**
Deferred stripping	(0.2)	(0.4)
Net movement in inventories	(0.2)	(1.9)
'Cash' EBITDA	**17.6**	**(11.2)**

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment expense, net foreign exchange gain or loss and exceptional items. Cash EBITDA is defined as Adjusted EBITDA after removing the impact of the non-cash items of deferred stripping and net movement in inventories. Adjusted EBITDA and Cash EBITDA are the key profitability measures used across the whole business and reflect the performance in a consistent manner and in line with how the business is managed and measured on a day to day basis.

Adjusted EBITDA for Q1 2017 was a profit of $18 million, an increase of $27 million from a loss of $9 million in Q1 2016, as a result of the following key movements:

- An increase in revenues of $38 million due to higher pricing and volumes sold;

  offset by:

- An increase in mining and production expenses (excluding restructuring costs) by $1 million
- A $6 million increase in selling and distribution costs reflecting increased volumes hauled and shipped;
- An increase in royalties of $1 million due to higher revenues;
- A $2 million adverse change in the net movement in inventories;

Cash EBITDA has increased by $29 million from $11 million loss in Q1 2016 to a profit of $18 million in Q1 2017 due to the reasons outlined for adjusted EBITDA above net of adverse change in the net movement in inventories of $2 million.

Other Key Items

Selling and distribution expenses increased from $6 million in Q1 2016 to $11 million in Q1 2017. This is a result of the 97% increase in volumes shipped from Ghana in the quarter compared to Q1 2016, partially offset by decreased volumes shipped from Australia. General and administrative expenses for Q1 2017 were slightly higher than in Q1 2016.

The Group is subject to taxation in the jurisdictions in which it operates; primarily Australia and Ghana. The parent company is domiciled in Jersey and is subject to a corporate tax rate of 0%. The Group recognised an income tax charge of $2.1 million in Q1 2017 compared to a charge of $0.3 million in Q1 2016.

Net financing costs for the quarter are $12 million which was $3 million higher than in Q1 2016. This resulted from the combination of an increase in the overall interest rate on the Senior Secured Notes and increase in the principle outstanding resulting from the PIK element of previous interest costs.

Loss / profit for the Period

The Group has recognised a profit for Q1 2017 of $5 million compared to a loss of $33 million in Q1 2016.

Unaudited Condensed Consolidated Statement of Financial Position

$m	As at 31 March 2017	31 December 2016
Cash and cash equivalents	43.3	40.0
Other current assets	72.5	61.2
Non-current assets	209.4	211.3
Total assets	325.2	312.5
Current borrowings	(3.7)	(3.6)
Non-current borrowings	(410.8)	(411.3)
Other current liabilities	(59.2)	(45.0)
Other non-current liabilities	(84.7)	(83.7)
Total liabilities	(558.4)	(543.6)
Net (liabilities) / assets	(233.2)	(231.1)

Cash and Cash Equivalents

Cash and cash equivalents at 31 March 2017 were $43 million, an increase of $3 million from $40 million at 31 December 2016.

Borrowings

Current borrowings at 31 December 2017 are in line with the amounts due at 31 December 2016.

Guarantor Group

During the three months ended 31 March 2017, the Guarantors of the senior secured notes represented 100% (31 March 2016: 100%) of our consolidated revenues and 42% (31 March 2016: 140%) of our consolidated EBITDA. As of 31 March 2017, the Guarantors represented 64% of our consolidated total assets (31 March 2016: 28%). As of 31 March 2017, the non-guarantor subsidiaries have $Nil indebtedness outstanding (31 March 2016: $2 million). The unrestricted subsidiaries are not significant subsidiaries and therefore not material to the Group. As a result, separate financial details have not been disclosed.

Unaudited Condensed Consolidated Statement of Cash Flows

$m	Quarter ended 31 March 2017	31 March 2016
Cash inflow / (outflow) from operating activities	12.6	(33.2)
Cash outflow from investing activities	(6.9)	(1.3)
Cash outflow from financing activities	(0.9)	(1.8)
Net increase / (decrease) in cash and cash equivalents	**4.8**	**(36.3)**
Cash and cash equivalents at the beginning of the period	**40.0**	**75.9**
Exchange losses on cash and cash equivalents	(1.5)	(0.5)
Cash and cash equivalents at the end of the period	**43.3**	**39.1**

Cash Flows and Liquidity

Net cash inflow from operating activities amounted to $13 million in Q1 2017 compared to outflow of $33 million in Q1 2016, an increase of $46 million. This increase in operating cash flow was a result of increase revenue from higher pricing for manganese and increased volumes sold from the Ghanaian operations.

The net cash outflow from investing activities was $7 million in Q1 2017 compared to a cash outflow of $1 million in Q1 2016, an increase of $6 million due to higher payments for capital expenditure in the current period.

The net cash outflow from financing activities was $1 million in Q1 2017 compared to a net cash outflow of $2 million in Q1 2016 and in both periods relates to repayment of hire purchase borrowings.

As a result total cash and cash equivalents net of overdrafts increased to $43 million at 31 March 2017 from $40 million at 31 December 2016.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Financial Statements

For the Three Months Ended 31 March 2017

Unaudited consolidated statement of comprehensive income for three months ended 31 March 2017

$m	Note	Three months ended 31 March 2017	2016
Revenue	6	59.2	21.4
Cost of sales	7	(24.6)	(29.4)
Gross profit / (loss)		**34.6**	**(8.0)**
Selling and distribution costs		(11.2)	(5.6)
General and administrative costs		(9.9)	(9.1)
Other operating income – net		0.3	0.4
Impairment expense		-	(2.4)
Net foreign exchange gain		4.6	0.6
Operating profit / (loss)		**18.4**	**(24.1)**
Presented as:			
Adjusted EBITDA		**18.0**	**(8.9)**
Depreciation and amortisation		(4.2)	(2.9)
Impairment of available-for-sale financial assets		-	(2.4)
Restructuring costs		-	(10.5)
Net foreign exchange gain		4.6	0.6
Operating profit / (loss)		**18.4**	**(24.1)**
Finance income		-	0.1
Financing costs		(11.5)	(8.9)
Net financing costs		(11.5)	(8.8)
Profit / (loss) before tax		**6.9**	**(32.9)**
Income tax charge		(2.1)	(0.3)
Profit / (loss) for the period		**4.8**	**(33.2)**
Other comprehensive income / (expense)			
Items that may be subsequently reclassified to profit or loss:			
Revaluation of available-for-sale financial assets		(2.2)	0.2
Net foreign currency translation differences		(4.7)	(0.2)
Income tax charge on other comprehensive income		-	(0.1)
Other comprehensive expense for the period, net of tax		**(6.9)**	**(0.1)**
Total comprehensive expense for the period		**(2.1)**	**(33.3)**
Profit / (loss) attributable to:			
Owners of the parent company		4.2	(33.3)
Non-controlling interest		0.6	0.1
Profit / (loss) for the period		4.8	(33.2)
Total comprehensive expense attributable to:			
Owners of the parent company		(2.7)	(33.4)
Non-controlling interest		0.6	0.1
Total comprehensive expense for the period		**(2.1)**	**(33.3)**

The notes on pages 17 to 21 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of financial position

$m	Note	As at 31 March 2017	As at 31 December 2016
Non-current assets			
Property, plant and equipment		167.1	167.3
Intangible assets		7.0	6.9
Goodwill		28.9	28.9
Available-for-sale financial assets		4.9	6.8
Investment in associate		1.4	1.3
Trade and other receivable		0.1	0.1
		209.4	**211.3**
Current assets			
Inventories		26.3	24.8
Trade and other receivables		46.2	36.4
Cash and cash equivalents	8	43.3	40.0
		115.8	**101.2**
Current liabilities			
Borrowings	9	(3.7)	(3.6)
Trade and other payables		(50.9)	(35.7)
Provisions		(8.3)	(9.3)
		(62.9)	**(48.6)**
Net current assets		**52.9**	**52.6**
Non-current liabilities			
Borrowings	9	(410.8)	(411.3)
Provisions		(53.7)	(52.1)
Deferred tax liabilities		(31.0)	(31.6)
		(495.5)	**(495.0)**
Net liabilities		**(233.2)**	**(231.1)**
Attributable to the equity shareholders of the parent company			
Share capital		10.0	10.0
Share premium		194.7	194.7
Subordinated shareholder loans treated as equity		737.5	737.5
Reserves		(17.4)	(10.5)
Accumulated losses		(1,171.9)	(1,176.1)
Total equity attributable to equity holders of the parent company		**(247.1)**	**(244.4)**
Non-controlling interests		13.9	13.3
Total equity		**(233.2)**	**(231.1)**

The notes on pages 17 to 21 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited consolidated statement of changes in equity

	Attributable to equity owners of the parent Company							
$m	**Share capital**	**Share premium**	**Shareholder equity**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2017	10.0	194.7	737.5	(10.5)	(1,176.1)	(244.4)	13.3	(231.1)
Profit for the period	-	-	-	-	4.2	4.2	0.6	4.8
Revaluation of available-for-sale financial assets	-	-	-	(2.2)	-	(2.2)	-	(2.2)
Foreign currency translation differences	-	-	-	(4.7)	-	(4.7)	-	(4.7)
Income tax on other comprehensive income	-	-	-	-	-	-	-	-
Balance at 31 March 2017	10.0	194.7	737.5	(17.4)	(1,171.9)	(247.1)	13.9	(233.2)

	Attributable to equity owners of the parent Company							
$m	**Share capital**	**Share premium**	**Shareholder equity**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2016	10.0	194.7	737.5	(13.3)	(1,098.8)	(169.9)	12.8	(157.1)
Loss for the period	-	-	-	-	(33.3)	(33.3)	0.1	(33.2)
Revaluation of available-for-sale financial assets	-	-	-	0.2	-	0.2	-	0.2
Foreign currency translation differences	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Income tax on other comprehensive income	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Balance at 31 March 2016	10.0	194.7	737.5	(13.4)	(1,132.1)	(203.3)	12.9	(190.4)

The notes on pages 17 to 21 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of cash flows for the three months ended 31 March 2017

		Three months ended 31 March	
$m	**Note**	**2017**	**2016**
Cash flow from operating activities			
Profit / (loss) before tax		6.9	(32.9)
Adjustments to add / (deduct) non-cash items:			
Depreciation and amortisation		4.2	2.9
Impairment of available-for-sale financial assets		-	2.4
Deferred stripping		(0.2)	(0.4)
Net foreign exchange gain		(4.6)	(0.6)
Net financing costs		11.5	8.8
Working capital adjustments:			
(Increase) / decrease in inventories		(1.4)	2.6
Increase in receivables		(9.7)	(3.3)
Increase / (decrease) in payables		6.3	(12.7)
Net movement in working capital		(4.8)	(13.4)
Income taxes paid		(0.4)	-
Net cash inflow / (outflow) generated from operating activities		**12.6**	**(33.2)**
Cash flow from investing activities			
Payments for mineral exploration and evaluation expenditure		-	(0.3)
Purchase of property, plant and equipment		(6.9)	(1.1)
Interest received		-	0.1
Net cash outflow from investing activities		**(6.9)**	**(1.3)**
Cash flow from financing activities			
Interest paid		(0.1)	(0.2)
Repayment of hire purchase borrowings		(0.8)	(1.6)
Net cash outflow from financing activities		**(0.9)**	**(1.8)**
Net increase / (decrease) in cash and cash equivalents		**4.8**	**(36.3)**
Cash and cash equivalents at the beginning of the period	8	40.0	75.9
Exchange losses on cash and cash equivalents		(1.5)	(0.5)
Cash and cash equivalents at the end of the period	8	**43.3**	**39.1**

The notes on pages 17 to 21 are an integral part of this unaudited Consolidated Interim Financial Information.

Notes to the unaudited consolidated financial statements

1. General information

Consolidated Minerals Limited (formerly Palmary Enterprises Limited) ('the Company') was incorporated in Belize in 2004 and redomiciled to Jersey in 2008. The address of its registered office is Commercial House, 3 Commercial Street, St Helier, Jersey JE2 3RU.

Consmin 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 ore. The Group's operations are primarily conducted through four major operating/trading subsidiaries: Pilbara Manganese Pty Limited (Australia), Ghana Manganese Company Limited, Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

2. Basis of preparation of interim report

This condensed consolidated interim financial information for the three months ended 31 March 2017 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2016, which have been prepared in accordance with IFRS.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2016 but comparative information is derived from those accounts. Statutory accounts for 2016 have been filed with the Jersey registrar of companies and the auditors have issued an unqualified audit opinion on these accounts.

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2017 relevant to the Group

IFRS 15 Revenue from Contracts with Customers: In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after 1 January 2017 with earlier application permitted. We are currently assessing the impact of adopting IFRS 9 on our consolidated financial statements.

There are no other new or amended accounting standards mandatory for the first time for the financial year beginning 1 January 2017, or new standards and revisions to existing standards that are not yet effective and have not been early adopted that are relevant to the Group other than those disclosed in the Company's statutory accounts for the year ended 31 December 2016.

(b) Comparatives

Comparatives have been prepared on the same basis as current period figures.

(c) Changes in accounting policies

There have been no material changes in accounting policies since the presentation of the annual report for the year ended 31 December 2016 and all accounting policies have been consistently applied in the preparation of these interim financial statements.

(d) Foreign currency translation

The following foreign exchange rate against the USD has been used in the preparation of the consolidated financial statements:

	31 March 2017	Average 3 months to 31 March 2017	31 December 2016	31 March 2016	Average 3 months to 31 March 2016
Australian dollar	0.7644	0.7574	0.7197	0.7668	0.7500

3. Critical accounting judgments and key sources of estimation uncertainty

There have been no material changes in critical accounting judgements since the presentation of the annual report for the year ended 31 December 2016.

4. Going Concern

The group financial statements for the year ended 31 December 2016 have been prepared on a going concern basis. Analysis of the cash flows during the first quarter of 2017 supports assumption of the group operating on a going concern basis.

5. Segment analysis

Management considers the business from a product perspective and has determined the operating segments based on the reports reviewed by the Group Executive Committee, who are the Chief Operating Decision Makers. The primary products of the Group are processed manganese ores. The "Other" segment consists of iron ore projects and administration and head office functions.

The segment information provided for the three month periods ended 31 March 2017 and 31 March 2016 is as follows:

31 March 2017

$m	**Manganese**	**Other**	**Total**
Revenue from external customers	59.2	-	59.2
Cost of goods sold	(24.6)	-	(24.6)
Gross profit	34.6	-	34.6
Adjusted EBITDA	23.0	(5.0)	18.0
Depreciation	(4.2)	-	(4.2)
Net foreign exchange gain	3.6	1.0	4.6
Financing costs	(0.5)	(11.0)	(11.5)
Profit / (loss) before tax	21.9	(15.0)	6.9
Income tax charge*			(2.1)
Profit for the period			4.8
Total assets	311.0	14.2	325.2
Total liabilities	(106.3)	(452.1)	(558.4)

31 March 2016

$m	**Manganese**	**Other**	**Total**
Revenue from external customers	21.4	-	21.4
Cost of goods sold	(29.4)	-	(29.4)
Gross loss	(8.0)	-	(8.0)
Adjusted EBITDA	(5.2)	(3.7)	(8.9)
Depreciation	(2.9)	-	(2.9)
Impairment of available-for-sale financial assets	-	(2.4)	(2.4)
Restructuring costs	(10.3)	(0.2)	(10.5)
Net foreign exchange gain	3.4	(2.8)	0.6
Finance income	-	0.1	0.1
Financing costs	(0.5)	(8.4)	(8.9)
Loss before tax	(15.5)	(17.4)	(32.9)
Income tax charge*			(0.3)
Loss for the period			(33.2)
Total assets	288.7	30.2	318.9
Total liabilities	(91.0)	(418.4)	(509.4)

* Income tax is not allocated to segments as tax is managed on a group basis.

A reconciliation of adjusted EBITDA to loss before tax is provided as follows:

$m	Three months ended 31 March 2017	2016
Adjusted EBITDA	18.0	(8.9)
Depreciation	(4.2)	(2.9)
Impairment expense	-	(2.4)
Restructuring costs	-	(10.5)
Net foreign exchange gain / (loss)	4.6	0.6
Net financing costs	(11.5)	(8.8)
Profit / (loss) before tax	6.9	(32.9)

Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss and exceptional items.

The information provided to management with respect to total assets is measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

6. Revenue

Revenue from the sale of ore by geographic destination was as follows:

$m	Three months ended 31 March 2017	2016
China	43.0	14.4
Ukraine*	13.8	5.2
Australia	-	1.8
Vietnam	2.4	-
Total revenue by geographic destination	59.2	21.4

*Sales to related parties

7. Cost of sales

$m	Three months ended 31 March 2017	2016
Mining and production expenses	17.9	27.1
Depreciation and amortisation	4.2	2.9
Royalties and other taxes	2.5	1.7
Deferred stripping	(0.2)	(0.4)
Net movement in inventories	(0.2)	(1.9)
Other	0.4	-
Total cost of sales	24.6	29.4

8. Cash and cash equivalents

$m	As at 31 March 2017	As at 31 December 2016
Cash at bank and in hand	43.3	40.0
Short-term bank deposits	-	-
Cash and cash equivalents at the end of the year	43.3	40.0
Less: bank overdrafts (see note 9)	-	-
Net cash and cash equivalents per the cash flow statement	43.3	40.0

9. Borrowings

$m	As at 31 March 2017	As at 31 December 2016
Non-current		
Senior secured high yield notes	408.5	407.8
Finance lease liabilities – hire purchase loans	2.3	3.5
	410.8	411.3
Current		
Finance lease liabilities – hire purchase loans	3.7	3.6
	3.7	3.6
Total borrowings	414.5	414.9

The senior secured high yield notes are stated net of unamortised restructuring costs of $8.0 million.

Finance lease liabilities are secured by charges over each respective leased asset.

The carrying value of borrowings approximates their fair value.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the statement of financial position date:

$m	As at 31 March 2017	As at 31 December 2016
Repayable on demand	-	-
6 months or less	-	-
6 - 12 months	-	-
1 - 5 years	-	-
Over 5 years	-	-
	-	-
Borrowings not exposed to changes in interest rates	414.5	414.9
	414.5	414.9

10. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2016 financial information other than those mentioned below:

- Group entities have pledged $1.1m (31 December 2016: $1.4 million) relating to bank guarantees provided to lessors of business premises.

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Management considers that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties and has disclosed all of the relationships identified and which it deemed to be significant.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

$m	Sales to related parties	Purchases from related parties	Finance income from related parties	Charges from related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder						
3 months to 31 March 2017	13.8	-	-	-		
3 months to 31 March 2016	5.2	-	-	-		
At 31 March 2017					18.7	0.1
At 31 December 2016					22.6	-
Other companies related to the ultimate shareholder						
3 months to 31 March 2017	-	1.3	-	-		
3 months to 31 March 2016	-	0.8	-	-		
At 31 March 2017					0.2	-
At 31 December 2016					-	0.1

Trading companies related to the ultimate shareholder

During 2017 and 2016, Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey) traded with other trading companies related to the ultimate shareholder.

Ore sold to related parties is shipped to Ukraine. The sales prices for transactions with related parties have been determined by reference to the published indices or the sales prices of Australian and Ghanaian ore sold to China, adjusted for the freight differential for shipping to the country of the related party, the end use application for the ores and adjusted for manganese content.

Finance companies related to the ultimate shareholder

As at 31 March 2017, a related party loan balance of $737.5 million (31 December 2016: $737.5 million) was recognised in equity.

Other companies related to the ultimate shareholder

Transactions with other companies related to the ultimate shareholder primarily relate to the provision of goods and services with companies providing management services to the Company.

12. Events after the reporting period

On 4 April 2017 the Company announced that holders of 89.84% of its 8.000% Senior Secured Notes due 15 May 2020 have locked up to tender their notes to and provide certain consents in relation to the proposed acquisition of Consmin by China Tian Yuan Manganese Limited, a subsidiary of Ningxia Tianyuan Manganese Industry Co., Ltd. ("TMI"). Pursuant to the Lock-up Deed, the Purchaser has launched the Tender Offer and Consent Solicitation on 4 April 2017. The Tender Offer is open to acceptance by all holders of the Notes. In order to become effective, the holders of at least 90% of the aggregate principal amount of the Notes must tender into the Tender Offer and provide their consent to certain amendments to the terms of the Notes.

On 4 April 2017, the Company announced that holders of 89.84% of the Notes (the "Consenting Noteholders") had locked up to tender their notes to and provide certain consents in relation to the Transaction, pursuant to the terms of a lock-up agreement between, amongst others, CTYML, the Company and the Consenting Noteholders (the "Lock-up Deed"). Pursuant to the Lock-up Deed, CTYML launched a tender offer and consent solicitation in respect of the Notes (the "Tender Offer and Consent Solicitation") the terms of which were set out in an offer to purchase and consent solicitation statement dated 4 April 2017 (the "Statement"). The Tender Offer and Consent Solicitation is open to acceptance by all holders of the Notes. In order to become effective, the holders of at least 90% of the aggregate principal amount of the Notes must tender into the Tender Offer and provide their consent to certain amendments to the terms of the Notes.

On 21 April 2017, the Company announced that CTYML was extending the expiration date set out in the Statement to 11:59pm (EST) on May 31, 2017 pending the approval of the Ghanaian government (the "Ghana Consent Condition"). On 8 May 2017, the Company announced that the Ghana Consent Condition had been satisfied and that CTYML was exercising its right to bring forward the Expiration Date of the Tender Offer and Consent Solicitation. CTYML gave notice that the Expiration Date should be brought forward to 11:59 pm EST on May 19, 2017 with the payment date expected to occur on or before May 24, 2017. It was further noted that in connection with the payment of interest on the Notes due on May 15, 2017 and in compliance with the terms of the Notes, the Company had elected to pay interest on the Notes for the May 2017 Interest Period entirely in cash at a rate equal to 8.000% per annum.

On 22 May 2017 the Company announced that the Tender Offer and Consent Solicitation launched by CTYML had successfully concluded with holders of 99.94% of the Notes having tendered their Notes and provided their consent to certain amendments to the terms of the Notes. On 25 May the Company announced that the Transaction had successfully closed with CTYML becoming the 100% legal and beneficial owner of the Company.

Glossary of Defined Terms

"ASX"	The Australian Securities Exchange, operated by ASX Limited (ABN 98 008 624 691).
"BCM"	Bank cubic meter, being one cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"beneficiation"	The act or process of increasing the concentration of valuable material (e.g., manganese) contained in ore as it naturally occurs in the environment on a per unit basis, and, at the same time, reducing the concentration of some of the non-valuable substances (e.g., iron and silica).
"blending"	A process in which manganese ores of varying grades are mixed together to produce ores or products with an average grade according to the product specification.
"CFR"	International commercial term meaning "Cost and Freight," whereby the quoted price includes all costs and freight to bring the goods to the port of destination from the port of departure, but does not require the seller to procure marine insurance against the risk of loss or damage to the goods during transit.
"CIF"	International commercial term meaning "Cost, Insurance and Freight," whereby the quoted price includes all costs, insurance and freight to bring the goods to the port of destination from the port of departure.
"concession"	A mining concession as defined in the Minerals and Mining Act.
"CRU"	CRU International Limited, a company incorporated in England and Wales with company number 00940750. CRU is an independent business analysis and consultancy group, focused on the mining, metals, power, cables, fertiliser and chemical sectors.
"dmtu"	A "dry metric tonne unit," which corresponds to one 10 kilogram unit of manganese. By way of example, the price in $ of a consignment of manganese ore is calculated by multiplying the U.S. dollar per dmtu price by the units of manganese of the ore in that shipment. For instance, if manganese ore with a manganese content of 48% is priced at $5.00/dmtu, the price for three tonnes of such ore will be $720, calculated as follows: 48% × 3,000kg = 1,440 kg of manganese 1,440kg ÷ 10kg = 144 dmtu of manganese 144 dmtu × $5.00 per dmtu = $720
"dry tonne" or "dt"	A tonne, being a metric unit of weight equivalent to 1,000 kilograms, measured excluding the weight of any water content.
"EMM"	Electrolytic manganese metal.
"Fe"	Chemical symbol for Iron, based on the periodic table
"ferroalloy"	A metal product, usually containing iron and other metals, that is commonly used as a raw material feed in steelmaking to add strength or to aid various stages of the steelmaking process such as deoxidisation and desulphurisation. Examples include ferrochrome, ferromanganese and ferrosilicon.
"fines" or "ore fines" or "fine ore"	Manganese ore with the majority of individual particles measuring less than a specified size. While there is no industry standard measurement, the Group's Australian and Ghanaian operations specify ores with particles measuring between 1 and 12.5 millimeters and less than 25 millimeters, respectively, as fines.
"FOB"	International commercial term meaning "Free On Board," whereby the quoted price includes all activities needed to deliver the product to the port of departure, with the last cost included in the price being ship loading. As such, it excludes the cost of marine freight transport and insurance as well as unloading and transportation from the arrival port to the final destination.
"Guarantor"	Each of GMC, CMAL, Stratford Sun Limited, Consolidated Minerals (Hong Kong) Limited, PTL, MTL, Consolidated Minerals (Belgium) Limited, Consolidated Minerals Holdings (Australia) Pty Limited, CMPL, PMPL, Pilbara Chromite Pty Limited, Pilbara Contracting Pty Limited and Pilbara Trucking Pty Limited.
"high grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "high grade." Our Australian operations consider ore with an average manganese content above 44% to be "high grade." Unless otherwise specified, references to "high grade" are to the definition used by our Australian operations.
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"JORC"	The Australasian Joint Ore Reserves Committee.

"kBCM"	1,000 bank cubic meters, being 1,000 cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"kt"	Kilo tonne. A unit of weight or capacity equal to 1,000 tonnes.
"low grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "low grade." Our Australian operations consider ore with an average manganese content of less than 44% to be "low grade." Unless otherwise specified, references to "low grade" are to the definition used by our Australian operations.
"LTI"	A work-related injury or illness resulting in the employee or contractor being unable to attend work for a full working day after an injury or illness has occurred.
"lump" or "lump ore"	Manganese ore with the majority of individual particles measuring more than a specified size. While there is no industry standard measurement, the Group specifies ore with particles measuring 6.3 millimeters or more as lump. Chromite ore has lump particle size measuring 6.3 millimeters or more.
"mdmtu"	One million dry metric tonne units.
"Mn"	Chemical symbol for Manganese, based on the periodic table.
"open pit mining"	A method of extracting rock or minerals from the earth by stripping away the top soil and the earth above the rock or minerals creating a pit from which the rock or minerals are removed. This method of mining can be contrasted with mining using extractive methods that require tunneling into the earth (i.e., underground mining).
"ore"	A mineral or an aggregate of minerals (containing valuable constituents, including metals) of sufficient value to be mined or extracted.
"overburden"	The material that lies above the mining area of economic interest, i.e., the rock and soil that lies above a manganese or chromite ore body.
"reductant"	Solid fuel added to a furnace to remove oxygen from the manganese ore fed into the furnace.
"seaborne market"	The part of the manganese ore market that is composed of exported manganese ore.
"Shareholder"	Means Ultimate Beneficial Owner of the Company
"sinter"	The product of sintering.
"sintering"	The process of combining or fusing metals, usually with pressure and temperature, by exposing them to a temperature just below their melting point.
"spot price"	The price at which a physical commodity for immediate sale is selling at a given time and place.
"stripping ratio"	The ratio of the volume of overburden waste material to the volume of ore in an open pit mine. For instance, a stripping ratio of "5" means that five BCM of waste rock must be removed for every one BCM of ore mined.
"sump"	An excavation made in a pit (generally at the lowest point) to collect water, which can then be pumped to the surface or to another sump nearer the surface.
"tailings"	Finely ground waste rock from which the majority of valuable minerals or metals have been extracted.
"tenement"	A mining tenement as defined in the Mining Act.
"wet tonne"	A tonne, being a unit of weight equivalent to 1,000 kilograms, measured including the weight of any water content.
"Woodie Woodie corridor"	The approximately 100 square kilometer area inside the Woodie Woodie tenement package within which all of our current Australian manganese mining operations take place.
"Woodie Woodie region"	The approximately 1,250 square kilometers of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, excluding the Woodie Woodie corridor.