

6th July 2017

ASX/MEDIA RELEASE

ASX: CSD Share Price: \$0.025 (in trading Suspension)

COMPANY UPDATE ON CORPORATE MATTERS

Consolidated Tin Mines Limited (ACN 126 634 606) (ASX Code: CSD) (**Company**) provides the following update in relation to Baal Gammon Copper.

As previously announced to the market, on 19 July 2016, after continual delays in obtaining funding for its working capital requirements, the Company appointed Blair Pleash and Kathleen Vouris of Hall Chadwick as joint and several administrators of the Company, in accordance with Section 436A of the Corporations Act 2001 (**Voluntary Administration**). While these administrators undertook a review and assessment of the Company's operations, the Company continued to run its mining operations in a care and maintenance capacity.

A joint Deed of Company Arrangement (**DOCA**) was executed on 8 December 2016 and upon execution of the DOCA, control of the Company was returned to the directors of the Company, subject to the terms of the DOCA.

The DOCA set out a proposal whereby, Cyan Stone Pty Ltd (**Cyan**) agreed to provide funds to the Company and Snow Peak Mining Pty Ltd (**SPM**) to establish a \$10 million creditors trust for payment of the Company's and SPM's creditors (**Creditor's Trust**), with Mr Pleash and Ms Vouris named as trustees of the Creditor's Trust (**Trustees**).

The DOCA was subject to a number of conditions subsequent, being the receipt of Foreign Investment Review Board (**FIRB**) approval and receipt of various Shareholder approvals (**Conditions Subsequent**). The Conditions Subsequent were required to be satisfied or waived by 23 January 2017. The Company obtained FIRB approvals on 21 December 2016. Shareholder approvals were not obtained before 23 January 2017. The Company will be seeking these shareholder approvals at an EGM to be held in the coming months. However as Shareholder approvals were not obtained by 23 January 2017, on 6 January 2017, Cyan agreed to waive the Conditions Subsequent. A condition of the Company securing this waiver was that, in the event that Shareholders do not provide the requisite approvals the total amount that has been prepaid by Cyan to the Company pursuant to the subscription agreement between Cyan and the Company dated 10 November 2016 and previously announced to the market, will automatically be converted into an interest bearing loan which will be secured by a general security agreement over the Company's assets and will be subject to interest at 10% per annum and will be due and payable immediately.

Following satisfaction and waiver of the conditions subsequent, on 12 January 2017 the DOCA was wholly effectuated by its terms and the DOCA terminated. The Trustees (formerly the administrators of the Company) are no longer involved in the administration of the Company.

As has also been previously announced, on 31 January 2017, the Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (**Colinacobre**) and SPM entered into a settlement agreement with Baal Gammon Copper Pty Ltd (**BGC**) whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for, and in respect of, the Baal Gammon Project including the assumption of all obligations under a Clean-Up Notice issued on 20 November 2015.

Under the settlement agreement, the Company agreed to pay BGC an amount of \$1,800,000 and to transfer the financial assurances held with respect to the Baal Gammon Mine to BGC. The payment to BGC was to be made over several instalments. As at 30 June 2017, \$1,400,000 has been paid to BGC. As a result of this settlement agreement, the Company transferred all rehabilitation

obligations to BGC on 1 February 2017, and the Company and BGC resolved all obligations purportedly outstanding under the Mineral Rights Agreement.

On 1st March 2017 BGC lodged a proof of debt against the Creditor's Trust operated by the Trustees, for a total of \$38,014,428. On 6th March 2017, BGC were advised of the rejection of this proof of debt by the Trustees.

On 30 March 2017, BGC commenced proceedings in the Supreme Court of Queensland against the Trustees, seeking orders, including that the Trustees rejection of BGC's proof of debt, be set aside. The Company and SPM are not a party to these proceedings.

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against the Trustees, the Company, SPM and Cyan seeking orders, including, that the DOCA be terminated, and the Company and SPM be placed into liquidation. The Company considers BGC's claim to be opportunistic and of doubtful foundation. The Company will defend this action vigorously and, together with SPM and Cyan, have jointly instructed King & Wood Mallesons to act on its behalf in this action.

The matter appeared in the Supreme Court of Queensland for directions on 20 June 2017 during which BGC were required to file and serve a Statement of Claim by 4 July 2017. As at 4 July 2017, a Statement of Claim has not been served. The Company filed and served an application seeking security for its costs in relation to the proceedings, on 26 June 2017.

The matter is listed for review on 11 August 2017 and the Company will keep shareholders informed of any developments. The Company will also provide a separate update on operations.



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The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements