

# ASX Release

30 April 2014

## March 2014 Quarterly Activities Report



### Highlights

- Administrators appointed 18 March 2014
- Revised operating plan, mining operations suspended
- 371,474oz silver production in the March quarter

### Voluntary Administration

On 18 March 2014 the Board of Directors of Cobar Consolidated Resources Limited appointed Stephen Longley, David McEvoy and Christopher Hill of PPB Advisory as Joint and Several Administrators pursuant to Section 436A of the Corporations Act 2001. At subsequent meetings on 18 March 2014 the Boards of Cobar subsidiaries, Silver Corporation of Australia Pty Ltd, CCR De Nardi Pty Ltd, CCR Gundaroo Pty Ltd and CCR Bundoon Pty Ltd also appointed the same Administrators.

The Administrators were appointed after the Company was unsuccessful in securing commitments for an \$8M capital raising required to restore its working capital position and meet a scheduled repayment to Commonwealth Bank of Australia.

The first creditors' meeting was held on 28 March 2014. A committee of creditors was formed for each of Cobar Consolidated Resources Limited and Silver Corporation of Australia Pty Ltd, which the Administrators will consult on significant matters related to the administration.

Since their appointment, the Administrators have undertaken a range of preparatory steps and started a comprehensive campaign for the restructure of the Group's debt and equity and/or a sale of assets. Expressions of Interest closed on Wednesday 2 April 2014 and indicative proposals closed on Wednesday 16 April 2014. The Administrators are furthering negotiations with their preferred parties.

The Court approved an application by the Voluntary Administrators to extend the convening period for the second meeting of creditors to 30 June 2014. The application was made in order to provide sufficient time for the Administrators to progress the proposals for an asset sale and/or restructure of debt and equity.

The Administrators will provide a report and their recommendation for the future of the Group to creditors and notice of the creditors' meeting at least five business days prior to the second meeting of creditors.

### About CCR

Cobar Consolidated Resources is the owner and operator of the Wonawinta Silver Mine in western New South Wales. The Company also has a large tenement position on the western margin of the Cobar basin in western New South Wales, which is prospective for discovery of gold, silver, copper lead and zinc.

### ASX Code

CCU

### Board

George Lefroy  
(Non-executive Chairman)  
Daniel L Laurente  
(Non-executive Director)  
Kevin Tuckwell  
(Non-executive Director)

### Management

Paul Bibby  
(Chief Executive Officer)  
Brad Glynn  
(Chief Financial Officer)

### Investor enquiries

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### Media Enquiries

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**Cobar Consolidated Resources Limited**  
ABN 67 118 684 576

### ADMINISTRATORS APPOINTED

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W [www.ccrlimited.com.au](http://www.ccrlimited.com.au)

### Wonawinta Silver Mine Operating Statistics

Operating Statistics	Unit	Mar '13	Jun '13	Sep '13	Dec '13	Mar '14
<b>Mine production</b>						
Waste mined	BCM	474,000	242,000	329,000	316,000	484,000
Ore mined	t	204,290	236,132	155,624	196,949	177,081
Mined grade - silver	g/t	97	94	92	99	89
Mined grade - lead	%	0.8%	1.0%	1.2%	1.3%	1.2%
<b>Processing Plant</b>						
Ore processed	t	171,398	199,158	157,995	188,945	168,211
Ore grade - silver	g/t	101	89	109	109	96
Ore grade - lead	%	1.4%	1.1%	1.2%	1.2%	1.3%
Recovery - silver	%	79%	80%	73%	77%	77%
Contained Silver In Dore	oz	231,253	304,369	378,744	469,179	371,474
<b>Silver sold</b>	oz	<b>254,268</b>	<b>311,573</b>	<b>389,246</b>	<b>446,467</b>	<b>365,946</b>
<b>Average silver price received</b>	A\$/oz	<b>28.96</b>	<b>27.50</b>	<b>26.44</b>	<b>23.72</b>	<b>22.90</b>

#### Notes

The tonnes, grade and recovery of ore processed do not reconcile with silver produced due to the timing of changes in opening and closing stocks.

The average silver price received includes the impact of silver hedging.

### Safety

There were no lost time injuries recorded during the quarter and the lost time injury frequency rate on a rolling 12 month basis (per million man-hours worked) is 1.2. The last lost time injury occurred in November 2011.

### Environment

Operations at the Wonawinta Silver Mine are authorised and regulated under the terms of an Environment Protection Licence. The licence conditions regulate discharges to air, water and land and place limits on noise levels.

The company is required to monitor the concentration of various pollutants at discharge points around the site and maintain appropriate records of its monitoring results.

For the March quarter, the company operated within the limits of its Environment Protection Licence, with the exception of weak-acid dissolvable (WAD) cyanide discharge to the Tailings Storage Facility (TSF). WAD cyanide levels exceeded the licence limits during the quarter. Whereas ferric sulphate was previously added to tailings, ferrous chloride is now being added to reduce the level of WAD cyanide discharge to the TSF and is having a beneficial effect.

### Mining and Geology

A total of 177,081 tonnes of ore was mined at an average silver grade of 89g/t. Mining activity was restricted in January due to water availability and 2 days were lost in March due to rain. Ore was mined from both the Boundary Pit and Manuka Pit during the quarter. Mining activities were suspended on 20 March.

## Processing Plant

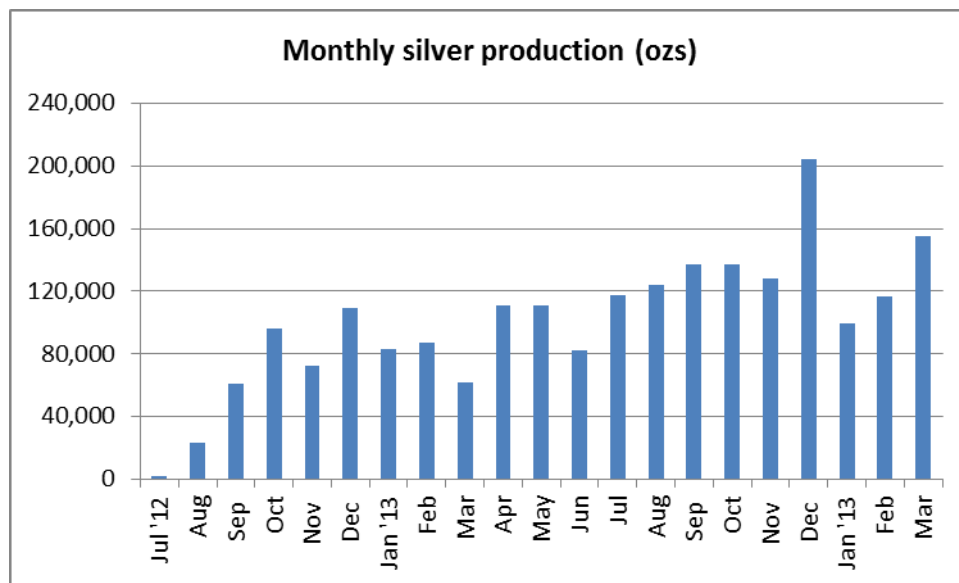
During the quarter 168,211 tonnes of ore was processed at an average silver grade of 96g/t.

Silver production was 371,474oz, 21% lower than the previous quarter. Production was impacted by lower ore throughput rates in January due to water availability and a scheduled re-line of the ball mill in February. Production improved in March.

Silver recovery for the quarter was 77%. Poor recoveries continued to be experienced due to the presence of sulphidic ores from the Boundary Pit.

Mining activity was suspended on 20 March but crushing and ROM loading activities continue as stockpiled ore is fed to the processing plant.

The chart below shows monthly silver dore production up to March 2014.



## Outlook

Silver production of around 120,000oz per month is targeted for April and May. The Administrators are reviewing with management the operations plan beyond May.

## Finance

Payments for exploration, development, production and administration for the March quarter totaled \$6.9M, \$4.8M lower than the December 2013 quarter and \$6.8M lower than forecast in the December 2013 quarterly activities report. Lower outgoings were due to the suspension of mining activities on 20 March and an increase in deferred creditors. The closing cash balance was \$0.5M.

Estimated cash outflow for the June quarter based on the production forecast above, as set out in the accompanying Appendix 5B, is \$7.2M. This does not include sales revenue.

### Exploration Tenements

<b>PROJECT</b>	<b>TENEMENT DETAILS</b>	<b>COMPANY INTEREST</b>
Cobar Region, NSW	EL 6302	100%
Cobar Region, NSW	EL 6482	100%
Cobar Region, NSW	EL 6623	100%
Cobar Region, NSW	EL 6155	100%
Cobar Region, NSW	EL7345	100%
Cobar Region, NSW	EL7515	100%
Cobar Region, NSW	EL7516	100%

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Cobar Consolidated Resources Limited

ABN

118 684 576

Quarter ended ("current quarter")

31 March 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	7,764	21,495
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(92) (1,382) (4,838) (508)	(294) (25,542) (6,220) (2,826)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	10
1.5 Interest and other costs of finance paid	(108)	(552)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>838</b>	<b>(4,783)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(650)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>0</b>	<b>(650)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>838</b>	<b>(5,433)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	838	(5,473)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		3,000
1.17	Repayment of borrowings	(1,149)	(3,149)
1.18	Dividends paid		
1.19	Other		
	<b>Net financing cash flows</b>	(1,149)	(149)
	<b>Net increase (decrease) in cash held</b>	(311)	(5,582)
1.20	Cash at beginning of quarter/year to date	813	6,084
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	502	502

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	20
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Nothing to Report

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nothing to Report

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nothing to Report

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	17,756	17,756
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	75
4.2	Development	0
4.3	Production(excluding sales revenue)	6,103
4.4	Administration	1,071
<b>Total</b>		<b>7,249</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	502	813
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>502</b>	<b>813</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	330,181,138	329,715,353		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>Unlisted</i>	1,990,953 500,000 80,010		<b>Exercise price</b> \$0.20 \$0.91 \$0.96	<b>Expiry date</b> 30 April 2015 28 October 2014 1 July 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.
- 3 On 18 March 2014 the Board of Directors of Cobar Consolidated Resources Limited appointed Stephen Longley, David McEvoy and Christopher Hill of PPB Advisory as Joint and Several Administrators pursuant to Section 436A of the Corporations Act 2001. While every care has been taken to produce this statement, the Administrators are not responsible for information in this statement that relates to matters prior to 18 March 2014.

Sign here: ..... Date: 30 April 2014  
Company Secretary

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.