

ASX Release

31 JANUARY 2014

December 2013 Quarter Activities Report



Highlights

- **469,000oz** record silver production in the December quarter
- Silver production up 24% quarter on quarter
- **205,000oz** record monthly silver production in December 2013
- **189,000oz** record monthly silver sales in December 2103
- Commercial production declared, targeted silver production achieved
- Board renewal – 2 directors resigned, 2 new directors appointed and new non-executive chairman
- New CFO appointed
- Debt restructure under discussion
- 2 years lost time injury free

Cobar Consolidated Resources Limited today released its December 2013 quarterly activities report.

Commenting on the results Chief Executive Officer Paul Bibby said, *"It is pleasing to see the improving trend in operational performance and in particular that we achieved our targeted level of silver production of 200,000oz per month in December.*

"Production in January 2014 will be impacted by lower feed volumes and grades to the processing plant and in February 2014 by a scheduled ball mill reline. We expect production to return to target levels in March 2014," he said.

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

Issued capital

329,646,728 shares
2,570,963 options
4,624,428 performance rights
534,410 employee shares (subject to holding lock)

Board

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

Management

Paul Bibby
(Chief Executive Officer)

Investor enquiries

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Wonawinta Silver Mine Operating Statistics

| Operating Statistics | Unit | Sep '12 | Dec '12 | Mar '13 | Jun '13 | Sep '13 | Dec '13 |
|--------------------------------------|--------|---------------|----------------|----------------|----------------|----------------|----------------|
| Mine production | | | | | | | |
| Waste mined | BCM | 801,000 | 737,000 | 474,000 | 242,000 | 329,000 | 316,000 |
| Ore mined | t | 129,035 | 198,820 | 204,290 | 236,132 | 155,624 | 196,949 |
| Mined grade - silver | g/t | 72 | 90 | 97 | 94 | 92 | 99 |
| Processing Plant | | | | | | | |
| Ore processed | t | 75,561 | 177,919 | 171,398 | 199,158 | 157,995 | 188,945 |
| Ore grade - silver | g/t | 83 | 90 | 101 | 89 | 109 | 109 |
| Recovery - silver | % | 90% | 80% | 79% | 80% | 73% | 77% |
| Contained Silver In Dore | oz | 76,850 | 277,473 | 231,253 | 304,369 | 378,744 | 469,179 |
| Silver sold | oz | 52,166 | 261,911 | 254,268 | 311,573 | 389,246 | 446,467 |
| Average silver price received | A\$/oz | 31.89 | 29.60 | 28.96 | 27.50 | 26.44 | 23.72 |

Notes: In the table above the tonnes, grade and recovery of ore processed do not reconcile with silver produced due to the changes in opening and closing stocks. The average silver price received includes the impact of silver hedging.

Safety

The site achieved 2 years lost time injury free during November.

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 2, which compares favorably with the mining industry.

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 December 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. Ferric sulphate is being added to tailings to reduce the level of WAD cyanide discharge to the TSF and is having a beneficial effect.

Mining and Geology

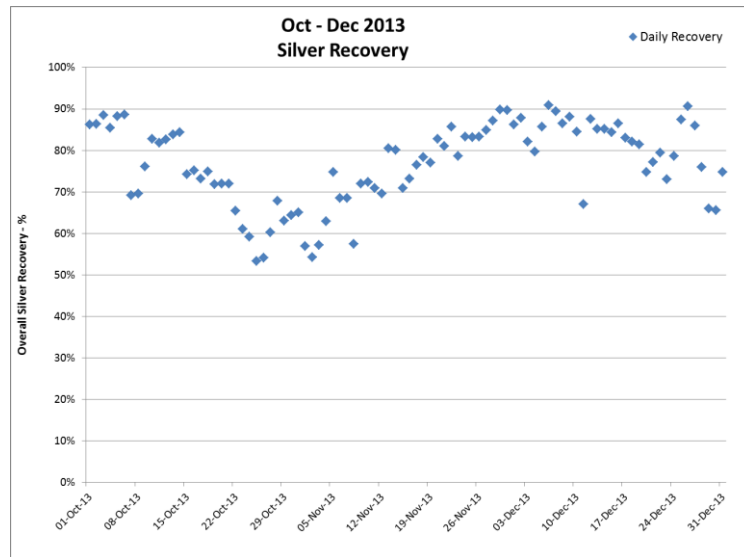
A total of 196,949 tonnes of ore was mined at an average silver grade of 99g/t. Mining transitioned from the Boundary Pit to the Manuka Pit in November and will be fully in Manuka from March onwards.

Processing Plant

During the quarter 188,945 tonnes of ore was processed at an average silver grade of 109g/t.

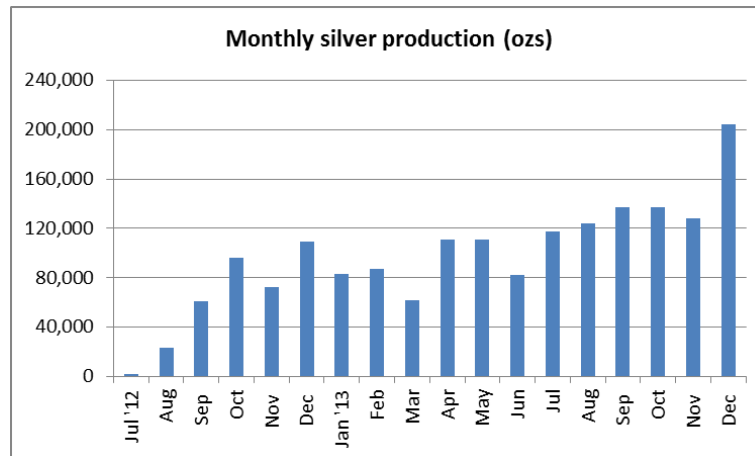
Silver production was 469,179oz, 24% higher than the previous quarter, continuing the upward trend seen over 2013.

Silver recovery for the quarter was 77%. In October and November poor recoveries were experienced with ore from the base of the Boundary Pit. When mining transitioned to Manuka in November, recoveries improved significantly, as shown in the chart below.



Higher recoveries and higher plant availability contributed to increased silver production in December, enabling the processing plant to exceed the targeted silver production level of 200,000oz per month.

The chart below shows monthly **silver dore** production up to December 2013.



Outlook

Silver production levels will vary from month to month according to ore throughput, feed grade, recoveries and plant availability.

January production will be lower than December due to the lower feed volumes and ore grades. Production in February will be impacted by a relining of the ball mill, which is expected to take 7 days. March production is expected to be at target levels.

Finance

Payments for exploration, development and administration for the December quarter totalled \$11.5M, \$3.7M lower than the September 2013 quarter and \$2.2M lower than forecast in the September 2013 quarterly activities report. Net operating cashflow for the December 2013 quarter was (\$0.3M).

Estimated cash outflow for the March quarter based on the production forecast above, as set out in the accompanying Appendix 5B is \$13.7M. This does not include sales revenue.

The final remaining silver hedging position of 95,000oz at A\$29/oz hedged was closed out during the December quarter.

Commonwealth Bank of Australia (CBA) has agreed to defer scheduled repayments of \$2.08M to 21 February 2014 while constructive discussions continue on the structure of this and other remaining repayments under its finance facilities.

The repayment date for the \$3M Magna bridging loan has been extended to 30 June 2014, as previously announced.

Commercial production at the Wonawinta Silver Mine has been declared, effective 1 December 2013. From 1 December 2013, operating and development costs and sales revenue will no longer be capitalized and will instead be expensed or recorded as revenue.

Exploration Tenements

| PROJECT | TENEMENT DETAILS | COMPANY INTEREST |
|-------------------|------------------|------------------|
| Cobar Region, NSW | EL 6302 | 100% |
| | EL 6482 | 100% |
| | EL 6623 | 100% |
| | EL 6155 | 100% |
| | EL7345 | 100% |
| | EL7515 | 100% |
| | EL7516 | 100% |