



CONSOLIDATED MINERALS LIMITED
ACN 000 727 926

28 Ventnor Avenue
West Perth,
Western Australia 6005
Telephone 61-8 9321 3633
Facsimile 61-8 9321 3644

14 December 2007

Australian Stock Exchange Limited
Via Electronic Lodgement

Attached is a Notice of Occurrence of a Relevant Event for the purposes of the Consolidated Minerals Limited A\$70,000,000 6.50% Convertible Notes due 2011, together with a copy of the Conversion Notice.

Yours faithfully

J B Abbott
Company Secretary

CONSOLIDATED MINERALS LIMITED A\$70,000,000 6.50% CONVERTIBLE NOTES DUE 2011

NOTICE OF OCCURRENCE OF RELEVANT EVENT

In accordance with the provisions of condition 6(g) of the Conditions of Issue of the A\$70,000,000 6.50% Convertible Notes due 2011 (**Notes**) issued by Consolidated Minerals Limited (ABN 85 000 727 926) (**CSM**) and constituted by a trust deed dated 29 June 2006 and made between CSM and BNY Corporate Trustee Services Limited (formerly J.P. Morgan Corporate Trustee Services Limited) (**Trust Deed**) (the Conditions and the Trust Deed together, the **Note Terms**), CSM hereby gives notice of the occurrence of a Relevant Event, as that term is defined in the Note Terms (**Relevant Event Notice**).

Terms and expressions defined in the Note Terms have the same meanings when used in this Relevant Event Notice unless otherwise defined herein.

1. Overview

A Relevant Event for the purposes of the Note Terms occurred on 12 December 2007 (see sections 2 and 3 below).

As a result - during the next 60 calendar days (the Relevant Event Period - see section 5) holders of the Notes (**Noteholders**) can convert their Notes at a Conversion Price of A\$2.18 (instead of \$2.6473).

However, during the Relevant Event Period - there is a short non-conversion period (from 18 December 2007 until 29 December 2007 - see section 6). Conversion notices delivered after 14 December 2007 and before 30 December 2007 will only be processed on or around 31 December 2007.

Noteholders who wish to convert their Notes should give a conversion notice to the Paying, Transfer and Conversion Agent (**the Conversion Agent**): The Bank of New York, 40th Floor, One Canada Square London E14 5AL, U.K. . The form of conversion notice is available from the Conversion Agent, or from CSM and is attached to this Relevant Event Notice as released to AIM, SGT-ST and ASX.

There is an Interest Payment Date for the Notes on 29 December 2007. The Record Date for that Interest Payment Date is 18 December 2007.

2. Details of the Relevant Event

Condition 6(b)(x) of the Note Terms provides (among other things) that a Relevant Event occurs if:

- (a) an offer is made to all Ordinary Shareholders to acquire the whole or any part of the issued ordinary share capital of CSM; and
- (b) (such offer having become, or been declared, unconditional in all respects) the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of CSM has (or will) become unconditionally vested in the offeror and/or its associates (as defined in section 11 of the *Corporations Act* (2001) of Australia).

CSM hereby provides notice of the occurrence of a Relevant Event pursuant to which:

- (a) Palmary Enterprises (Australia) Pty Limited (ACN 127 662 275) (**Palmary**) has made an offer to all Ordinary Shareholders to acquire the whole of the issued ordinary share capital of CSM pursuant to a Bidder's Statement dated 17 October

2007 (as supplemented by Supplementary Bidder's Statements dated 16 November 2007 and 6 December 2007 respectively) (**Palmary Offer**); and

- (b) with effect from 12 December 2007, the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of CSM has become unconditionally vested in Palmary and/or its associates.

Accordingly, a Relevant Event for the purposes of the Note Terms occurred on 12 December 2007.

3. Consequences of the Relevant Event

Upon the happening of a Relevant Event, the Conversion Price shall be adjusted as provided in Condition 6(b)(x) and accordingly Noteholders have the ability to exercise their Conversion Rights under the Notes at an adjusted Conversion Price (as more particularly described in section 6 below) during the Relevant Event Period, subject to and as provided in the Note Terms. Importantly, there is a short period during the Relevant Event Period where Conversion Rights cannot be exercised (see section 4, below).

4. Period where Conversion Rights cannot be exercised

The next Interest Payment Date for the Notes is 29 December 2007. The Record Date for that Interest Payment Date is 18 December 2007.

Under clause 8.2 of the Note Terms, holders of Notes cannot exercise Conversion Rights where the Conversion Date would occur in the period commencing on the Record Date (18 December 2007) and ending on the Interest Payment Date (29 December 2007).

5. Relevant Event Period

Condition 6(b)(x) of the Note Terms provides that the Relevant Event Period commences on the occurrence of the Relevant Event and ends on the later of:

- (a) 60 calendar days following the Relevant Event; and
- (b) 60 calendar days following the date on which the Relevant Event Notice is given.

The Relevant Event Period for the Relevant Event the subject of this Relevant Event Notice accordingly commenced on 12 December 2007 (being the date of the occurrence of the Relevant Event) and ends on 12 February 2008 (being 60 calendar days following the date on which this Relevant Event Notice is given).

6. Information material to Noteholders concerning the Relevant Event - Palmary Offer

Information concerning the Relevant Event that may be material to Noteholders is set out in the following documents issued by Palmary, in relation to its takeover offer for CSM:

- (a) Bidder's Statement dated 17 October 2007;
- (b) First Supplementary Bidder's Statement dated 16 November 2007; and
- (c) Second Supplementary Bidder's Statement dated 6 December 2007.

Further information that may be material to Noteholders is also set out in the following documents issued by CSM:

- (d) Target's Statement dated 29 October 2007; and

- (e) an announcement dated 6 December 2007 issued by the board of directors of CSM recommending Palmary's increased offer as detailed in Palmary's Second Supplementary Bidder's Statement referred to above.

Copies of the above mentioned documents are available at www.consminerals.com.au or from CSM (upon request by a Noteholder).

7. Conversion Price

Condition 6(b)(x) of the Note Terms provides that, upon the occurrence of a Relevant Event, where the Conversion Date falls within the Relevant Event Period the Conversion Price will be calculated in accordance with the following formula, rounded down to the nearest whole multiple of A\$0.01 pursuant to Condition 6(f) of the Note Terms:

$$\text{Conversion Price} = \frac{\text{OCP}}{(1 + (\text{CP} \times \text{c}/\text{t}))}$$

where:

- **OCP** means the Conversion Price in effect on the date of this Relevant Event Notice (being A\$2.6473);
- **CP** means a Conversion Premium of 30% expressed as a fraction (namely 0.3);
- **c** means the number of days from and including the date of this Relevant Event Notice to but excluding the Final Maturity Date (being 29 June 2011), being 1293 days; and
- **t** means the number of days from and including 29 June 2006 (being the Closing Date) to but excluding 29 June 2011 (being the Final Maturity Date), being 1,826 days.

The Conversion Price immediately prior to the occurrence of the Relevant Event was A\$2.6473.

The Conversion Price applicable during the Relevant Event Period (calculated in accordance with the formula set out above) is A\$2.18.

8. CSM Shares

The closing price of ordinary shares in CSM on the Australian Stock Exchange on 13 December 2007, being the latest practicable day before publication of this Relevant Event Notice was A\$5.00.

9. Noteholders who do not exercise their Conversion Right during the Relevant Event Period

Noteholders who choose not to convert their Notes during the Relevant Event Period will continue to hold their Notes, which may be converted or redeemed in accordance with the Note Terms.

Noteholders should also be aware that:

- Notes may become subject to compulsory acquisition in accordance with the Australian *Corporations Act 2001*, if Palmary obtains a relevant interest in 90% of CSM shares. Further information in relation to compulsory acquisition is provided in the Target's Statement issued by CSM dated 29 October 2007; and

- as provided in condition 7(b)(ii) of the Note Terms, if at least 10% of Notes are converted, CSM may elect to redeem the remaining Notes, by payment of the principal amount and accrued interest as at the redemption date, on 30 calendar days notice.

10. Non-Exercise of Cash Amount Election

CSM has not elected to pay the Cash Amount in lieu of the issue of the Excess Shares (as defined in Condition 6(b)(x) of the Note Terms) to Noteholders exercising their Conversion Rights.

For further information in relation to the Relevant Event referred to in this Relevant Event Notice and its impact on the Conversion Price of the Notes, please contact the CSM Company Secretary on +618 9321 3633.

By Order of the Board of Consolidated Minerals Limited

14 December 2007.

CONSOLIDATED MINERALS LIMITED
(ACN 000 727 926)
A\$70,000,000 6.50 per cent. Convertible Notes Due 2011 (the “Notes”)
convertible into Ordinary Shares of
CONSOLIDATED MINERALS LIMITED
(ACN 000 727 926)

CONVERSION NOTICE

(Please read the notes below before completing this Notice.)

Name, address, telephone and fax numbers and signature of Converting Noteholder:

Name: Date:

Address:

.....

.....

Telephone
Number:

Fax Number:

Attention:

Signature:

.....(Name and title)

To: The Bank of New York – Corporate Trust Administration

cc: Consolidated Minerals Limited

I/We hereby irrevocably elect to convert the Notes specified below into ordinary shares of Consolidated Minerals Limited (“**Shares**”) at the Conversion Price referred to in, and in accordance with, the Conditions.

1 Total principal amount, number and identifying numbers of Notes to be converted:

Total principal amount: AUD

Total number of Notes: (assuming face value of AUD 100,000.00 per Note)

Identifying numbers of Note Certificates deposited in respect of Notes to be converted (if relevant):

(Not required for Notes represented by the Global Certificate)

If necessary, the details relating to stated principal amounts and identifying numbers of Notes and Note certificates may be attached separately.

2 Name(s), address(es) and telephone and fax numbers of person(s) in whose name(s) the Shares (if any) (together with any other securities or property) required to be delivered on conversion are to be registered:

Name:

Address:

.....

.....

Telephone

Number:

Fax Number:

Account (delivery to which is to take place through CHES)

Number:

- (i) Terms not otherwise defined in this Conversion Notice have the meaning given to them in the terms and conditions of the Notes (the “**Conditions**”).
- (ii) This Conversion Notice will be void unless the introductory details and Sections 1 to 5 are completed. This Conversion Notice may be completed by or on behalf of an accountholder of any clearing system in which the relevant Note is held at such time which has an interest in such Note. The holding of an interest in a Note by an accountholder of any clearing system in which the relevant Note is held in respect of which Conversion Rights are being exercised will be confirmed by the Paying, Transfer and Conversion Agent with the relevant clearing system.
- (iii) Your attention is drawn to Condition 6(h) with respect to the conditions precedent which must be fulfilled before the Notes specified above will be treated as effectively eligible for conversion.
- (iv) Shares will be delivered in accordance with the rules and procedures of the clearing system through which the Shares are to be delivered and in compliance with applicable law at the time of delivery.
- (v) This Conversion Notice once given shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer.

For Paying, Transfer and Conversion Agent’s use only:

1 (A) Note conversion identification reference:

(B) Conversion Date:

Aggregate principal amount of Notes in respect of which definitive registered Notes (if any)