

**NSX Market Announcement**  
**12 December 2016**

## **Consolidated Africa Ltd Reduces Senior Management Fees**

The Board of Consolidated Africa Ltd has been able to negotiate pay reductions equivalent to approximately 62% for all senior consultants and CEO fees.

Consaf P/L who provides CEO services to the company has agreed to a 62% reduction in fees as at first of January 2017 as described below in the following summary:

Change of pay structure: To take effect 1.1.17.

Currently, Consaf P/L is paid US\$20,200.00 per month to supply CEO services to Consolidated Africa Ltd (CRA), (see agreement noted in the prospectus replacing the 3.11.15 prospectus). This fee can be paid in shares & options.

PROPOSAL: for Consaf P/L.

1. Cease the current rate of pay for Consaf P/L and reduce it to A\$10,000.00 per month. This fee can be paid in shares & options.

A bonus of shares & options is offered compensating for the reduction based on achieving the following three performance criteria.

2. Key Performance Achievements (KPA).

- (i) To gain a mining license for EL 1025,
- (ii) To have a JORC resource proven in either of the categories combined
  - (a) inferred,
  - (b) indicated or
  - (c) measured, where the measurement of contained carbon is in excess of 4 million tonnes (eg 50 mil t @ 8% = 4 mil t of contained carbon or 100 mil t @ 4% = 4 mil t of contained carbon).
- (iii) That there is an off-take signed up with an end user for at least 1,000 tonnes per month for a minimum of 2 years.

Once these three KPA's are achieved, Consaf P/L will receive 1.25 mil fully paid ordinary (FPO) shares and 3.75 mil options convertible at 20 cents into FPO shares with at least 36 months to expiry.

Additionally, once the company becomes profitable for at least two quarters in succession, the previous arrangements of pay structure will resume. That is the US\$20,200 per month to Consaf P/L will be reinstated.

If the agreement between Consaf P/L is terminated at any time within any period going forward, the same termination which is currently in place will remain intact. That is a payment of 12 months at US\$20,200.00 per month or US\$242,400.00 termination fee. All other conditions remain the same.

Other consultants have also agreed to reduce their remuneration by approximately 62%. The conditions vary between the different consultants. However, the conditions will reflect those offered to either Consaf P/L or a reduction that is replaced by shares at 10 cents.

Only 1,142,050 shares have been issued to compensate consultants. The net savings for the next 12 months equate to a savings of over \$500,000.00.

On behalf of the board:

**Philip Lindsay**  
**Chairman**