



ASX Announcement

24 June 2016

Celamin Shareholders Meet Key Officials in Tunisia

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Board of Directors:

Martin Broome, Chairman
Nic Clift, Non-Exec Director
Tim Markwell, Non-Exec Director
Sue-Ann Higgins, Non-Exec Director

Company Secretary

Melanie Leydin

Securities on Issue

CNL:993,671,986 ordinary shares
CNLCA: 14,887,796 partly paid shares

Summary:

- **Joint visit to Tunisia by Celamin's main shareholders**
 - **Meetings held with key Government officials**
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In the week commencing 13 June 2016, representatives of African Lion 3 Limited (AFL) and Polo Resources Limited (Polo) visited Tunisia to meet key officials and visit the Chaketma Project area, accompanied by Nic Clift and staff from Celamin's Tunis office. AFL and Polo are substantial shareholders of Celamin with a 33.1% and 33.2% shareholding respectively.

The purpose of the visit was to not only further raise the profile inside Tunisia of the ongoing dispute between Celamin's wholly owned subsidiary Celamin Limited and its joint venture partner Tunisian Mining Services (**TMS**) over the fraudulent transfer to TMS of Celamin's 51% interest in Chaketma Phosphates SA (**CPSA**) and the impact it is having on development of the Chaketma Project but also to raise the concerns of Celamin's major shareholders directly with the Tunisian Government. This fraudulent transfer is the subject of ongoing legal action including arbitration through the International Chamber of Commerce (ICC), and criminal investigation in Tunisia.

Following the visit, AFL and Polo reiterated their commitment to ensure that Celamin has the means to see the legal disputes through to a satisfactory conclusion. Celamin has since confirmed a further tranche of loan funding from both shareholders in an ASX announcement on 20 June.

The meetings with the key officials and government representatives allowed Celamin and its significant investors to express their concerns about the length of time that has passed since the fraudulent transfer, and the impact that such delays in justice can have on foreign investment and on Tunisia's international reputation as a good place to do business.

Prior to the fraudulent transfer Celamin had invested over US\$10m in Tunisia and defined a large high-grade phosphate Resource in the Kasserine region, a priority area for development and growth in Tunisia. Celamin will continue to actively work with the Tunisian authorities and encourages a speedy resolution of the dispute so Celamin may continue to develop the Chaketma into a successful long-life project.

JV Dispute

Celamin has submitted a request for international arbitration of the dispute in order to seek preservation and recognition of Celamin's rights, including restitution of its shares in CPSA and compensation for damages suffered.

The International Court of Arbitration accepted Celamin's request for arbitration of the dispute and appointed a sole arbitrator to determine the dispute between the parties.

Celamin has sought and was granted certain emergency and later interim orders from the sole arbitrator preserving the status quo until the dispute is finally determined. These orders were made without prejudice to the decision of the sole arbitrator on jurisdiction or on the merits of the case.

TMS has not complied with these emergency and interim orders. TMS made an application for the reversal of these orders which has been rejected by the sole arbitrator.

The interim orders are for the purpose of preventing disposal of CPSA's shares and assets and ensuring a continuous disclosure of information to Celamin in relation to CPSA activity and the Chaketma Permit.

Penalties have been ordered and will apply if TMS continues not to comply with the interim measures.

Celamin is also continuing with various other legal actions in Tunisia including the criminal proceedings and debt recovery actions as previously announced.

Background to the dispute:

Celamin has been the sole funder of the Chaketma Phosphate Project providing US\$8.6M of funding to December 2014. Celamin's partner, TMS, has been beneficiary of 50% of this project expenditure, as the largest service provider, using equipment purchased with loans from Celamin.

On 21 October 2014, the Director General of CPSA, without seeking the required approval from the CPSA Board, made a US\$3.3M cash call directed to Celamin Limited for funding of the Chaketma feasibility study. CPSA already held an excess of funds above requirements at that time, and, in Celamin Limited's view, no cash call was justified.

Celamin Limited objected to this cash call and, after negotiations, TMS and Celamin Limited entered into an agreement dated 10 December 2014 to reduce the cash call to US\$2M and extend the due date for payment until 15 January 2015, in the expectation of agreement being reached in the first quarter of 2015 on the choice of engineering contractor and the terms of their engagement for conducting the feasibility study for the Chaketma Phosphate Project.

Celamin deposited US\$2M into CPSA's Tunisian bank account on behalf of Celamin Limited in payment of the cash call, receipt of which was confirmed by both CPSA's bank and the Director General of CPSA on 13 January 2015.

On 19 January 2015 the Director General issued a notice of default to Celamin Limited for failure to pay the US\$2M cash call by the due date ("alleged default"), rejecting payment by Celamin on Celamin Limited's behalf despite this payment meeting Tunisian legal requirements and having been made in exactly the same manner as one of the two previous cash calls. Celamin Limited objected to the default notice and the action by the Director General and called a Board meeting scheduled for 9 March 2015 for the purpose of reversing these actions. Due to subsequent events this Board meeting was not held.

Within 24 hours after receipt of the default notice, TMS indicated that it would not be acting on that notice and the Director General and TMS continued working collaboratively with Celamin in progressing the Chaketma Phosphate Project.

On 3 March 2015 the Company was advised by the then Chairman of CPSA, Mr David Regan, that he had received notice from the Director General of CPSA to the effect that Celamin Limited's shares in CPSA had been transferred to TMS on 13 February 2015. Celamin requested a voluntary trading halt on its shares from trading on ASX on 4 March 2015. The shares remain suspended from trading on ASX.

Following initial legal investigations, the Company understands that the Director General (without Celamin's knowledge and without any authority from the CPSA Board) has purported to transfer Celamin Limited's shares to TMS on the basis of the alleged default.

The Company disputes the existence of any default on the part of Celamin Limited and asserts that Celamin Limited's shares in CPSA have been transferred without any legal basis.

The US\$2M deposited by Celamin for the cash call, which remained in a Tunisian bank account in CPSA's name for a period of over three months, was received back into Celamin's bank account in Australia on 27 April 2015, transferred from the Tunisian bank of CPSA at the instigation of the DG of CPSA after having declared the "default". Celamin received no communications from TMS or CPSA in relation to the transferred funds.

Previous cash calls totalling US\$1.7m were provided as loan funds from Celamin Limited to CPSA prior to 31 December 2014, for the purpose of funding the Chaketma Phosphate Project feasibility study. As at 31 January 2015 US\$1.4m of these loan funds remained in CPSA's Tunisian bank account.

On the basis of strong documentary evidence, Celamin disputes the existence of any default on the part of Celamin Limited and considers that there has been a wrongful and ineffective transfer and purported expropriation of Celamin Limited's shares in CPSA. Celamin therefore considers that it remains the rightful owner of its 51% shares in CPSA. Celamin remains committed to pursuing return of its interest in CPSA and the Chaketma Project and believes early resolution of this dispute is in the best interests of all parties and Tunisia and its people. The Chaketma Phosphate Project is a world class asset and Celamin believes it is best placed to manage the Project to ensure that it proceeds to development.

ENDS

For further information or enquiries, please contact:

Melanie Leydin, Company Secretary