Article by Michael Quinn from HighGrade
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Time to talk tin tactics - 2010-04-14

BASIC processing advances over the past decade or two are keys to a potential new (and significant) tin development at an historic field in Queensland by the little known Consolidated Tin Mines. Needless to say (almost!), an imminent scoping study is expected to show potential project earnings that dwarf Consolidated Tin's current valuation.

Fine grinding techniques, high speed centrifuges, and better chemicals for flotation are seen as underpinning a potential 5000 tonne per annum (contained tin) operation at Mt Garnet, with the company seeking 8-10 million tonnes of targeted resources grading an average 0.5% tin as a catalyst for development.

Defined resources at Mt Garnet (in the Herberton Tin Field west of Cairns) currently total 5.3Mt at 0.6% tin, but reaching the initial 8-10Mt is seen as undemanding. Indeed, such is the belief of the company in the Herberton field's endowment, that an operation lasting decades is ultimately expected once an initial development at Mt Garnet is achieved.

Technical director John Sainsbury says the occurrence of hallow/outcropping skarn mineralisation in the region was well known from work in the 60s, 70s and 80s, and that the previous challenge of processing can be overcome by the off-the-shelf technologies now available.

A Consolidated Tin metallurgist is now working on the metallurgical aspects of the project in Tasmania.

Broadly speaking, the company is looking to achieve operating costs of less than $A50 per tonne for a 1Mt per annum operation costing somewhere in the order of $A60 million. At recent tin prices around the $A20,000/t mark that would clearly generate a nice margin, though Consolidated Tin Mines is being conservative in using a $A15,000/t price in its modelling of various production scenarios.

Positives include the grade and mineralised widths of the current mainstay Gillian resource - 3Mt at an average of 0.8% tin - as well as Gillian's outcropping locale on the side of a ridge providing for very low strip ratios.

While the company is relatively unknown on account of its locate, metal and "cleanskin directors" - for Sainsbury, managing director Ralph De Lacey and non-exec Andrew Kerr, Consolidated Tin represents their first directorships of an ASX-listed company - this is a business comprising experienced miners committed to developing a tin mine.

De Lacey operated large scale alluvial gold operations on the Palmer River Goldfields in the 1990s, Sainsbury is a geologist with over 30 years experience throughout the mining industry, while Kerr, a solicitor, has experience with native title, cultural heritage issues and planning and environment approvals.

De Lacey and Sainsbury started picking up ground in the region in about 2003 after deciding tin was a commodity worth pursuing. Last month their company and North Queensland Metals agreed to consolidate the two companies' tin assets in the region, in a deal which, if consummated in a couple of months times, will see Consolidated Tin Mines significantly boost its position in the Herberton field for the payment of $A500,000 and the issuing of 25 million shares (plus a royalty from production on transferred tenements).

At Mt Garnet, mining lease applications, environmental studies and discussions with potential backers and partners have/are all being undertaken, with aforementioned scoping work also in hand.

A positive for Consolidated Tin achieving permitting is the performance of copper and zinc miner Kagara, which has operated responsibly in the area for some years and is said to have a good corporate citizen reputation.

Meanwhile, De Lacey has met with the world's biggest tin producer Yunnan Tin (and others), in China, and representatives of major Thai smelter firm Thaisarko have visited Mt Garnet. The targeted output by Consolidated Tin of 5000tpa was chosen as being of sufficient quantum to be attractive to smelters.

The tin sector is said to have major structural issues that are set to favour new and significant miners, including the nirvana quinella of strong demand and declining output from the incumbent producers. Hence the interest from smelters.

For Consolidated Tin Mines, the key at present is boosting its dwindling cash balance, with $A5 million or so expected to be needed for the feasibility study.

Shares in the low profile company have recently been fetching about 7c, capitalising the company at less than $A4 million. Clearly there's currently a rather large gap between what Consolidated Tin is proposing and market interest.

Such situations can change quickly.