

31 October 2013

## SEPTEMBER 2013 QUARTER ACTIVITIES & CASHFLOW REPORT

ASX RELEASE

ABN: 57 126 634 606  
Phone: +61 (7) 4032 3319  
info@cstfin.com.au

### Snapshot:

ASX: **CSD**

Current CSD Share Price: **\$0.07**

Current LME Tin Price: **\$23,220**

Detailed information at  
[www.cstfin.com.au](http://www.cstfin.com.au)

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## SEPTEMBER QUARTER ACTIVITIES & CASHFLOW REPORT

### SEPTEMBER 2013 QUARTER HIGHLIGHTS

#### ➤ POSITIVE PRE-FEASIBILITY STUDY FOR MT GARNET TIN PROJECT

- Highly positive PFS demonstrates the technical and economic viability of the project
- 1Mtpa open cut tin mining operation
- Forecast average production of 3,000 tpa tin in concentrate at 68% Sn, 235,000tpa of iron (Fe) in concentrate at 65% Fe and 54,000tpa fluorite at 86% CaF<sub>2</sub>
- Minimum 9 year mine life
- NPV of AU\$110M at 8% discount rate using base case tin price of A\$24,000/t

#### ➤ CORPORATE

- Completion of Shortfall Placement from Entitlement Issue raised \$756,658.
- Subsequent to end of quarter, Snow Peak International Investments agreed to exercise 27.3M unlisted options progressively over coming months, to raise a total of \$1.9M

#### ➤ UPCOMING ACTIVITIES

- Definitive Feasibility Study at Mt Garnet Project commenced and on schedule
- In-fill and geotechnical drill program commenced
- Test work and design for proposed tin recovery circuit to continue
- Finalisation of agreement for utilisation of Mt Garnet concentrator
- Recommencement of base metals production at Snow Peak Mining's Mt Garnet concentrator

### POSITIVE PRE-FEASIBILITY STUDY FOR MT GARNET TIN PROJECT

The highlight of Consolidated Tin's September 2013 quarter was the release of a highly positive Pre-Feasibility Study (PFS) for the Mt Garnet Tin Project (ASX announcement, 30<sup>th</sup> September), which demonstrated the technical and economic viability of the project utilising the existing Mt Garnet concentrator infrastructure.

The PFS was based on a mine profile of a 1Mtpa open cut mine delivering ore to a 1Mtpa conventional flotation concentrator that will reduce the silica content prior to the ore being processed by conventional tin fuming.

The concentrator is expected to produce the following approximate average output over the initial minimum nine year mine life:

- 3,000tpa of tin (Sn) in concentrate at 68% Sn,
- 235,000tpa of iron (Fe) in concentrate at 65% Fe, and
- 54,000tpa fluorite at 86% CaF<sub>2</sub> (acidspar quality achieved in metallurgical testing) in concentrate.

The Mt Garnet Tin Project comprises three key hard rock deposits: Gillian, Pinnacles and Windermere. The project is well positioned relative to road & port infrastructure (refer Figure 1: Key Project Map).

The results from the PFS are based on mining the Gillian deposit for the first three years and then transitioning to the Pinnacles deposit for years four through to nine (refer Figure 2: Project Production Schedule). The PFS did not include any resource from the Windermere deposit. Further evaluation work will be carried out at Windermere, with a view to extending the project's mine life and expanding its production profile.

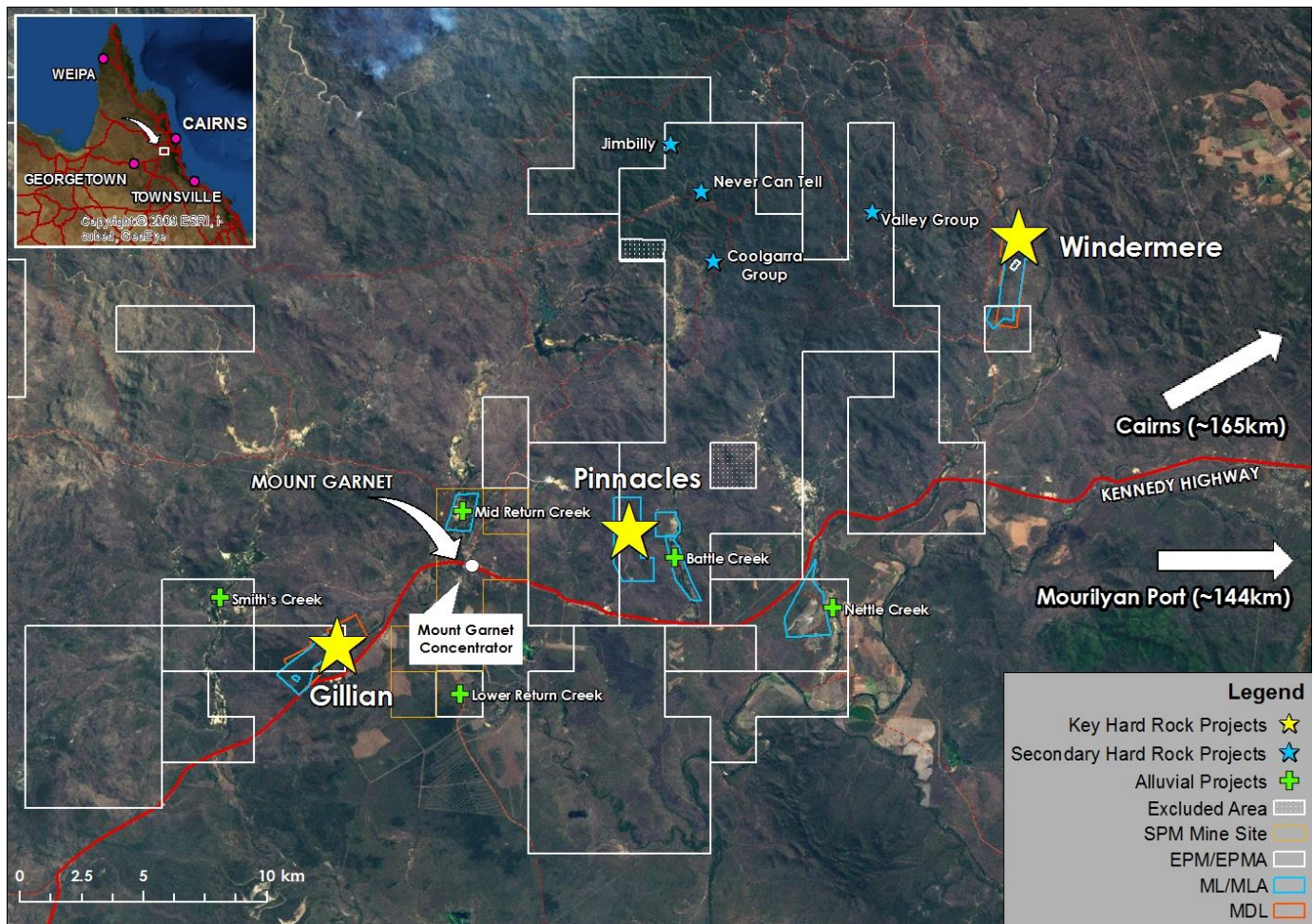
**The PFS confirmed the potential for the Mt Garnet Tin Project to become a significant open cut mining operation, generating total project revenues of more than AU\$1.1 billion over an initial mine life of nine years.**

Key outcomes of the PFS included the following:

- Average production per annum of 3,000 tonne tin in concentrate
- Minimum mine life of 9 years
- Project average annual revenue expected to be A\$127M
- Annual average operating cash flow (after capital costs, before tax) of A\$29.7M
- NPV of AU\$110M after flat 30% tax applied at 8% discount rate using base case tin price of AU\$24,000/t
- IRR of 111% (after flat 30% tax applied)
- Highly competitive production costs of A\$91.94/tonne of ore FOB<sup>1</sup>
- Robust combined total cost of A\$13,917/t tin FOB (with by-product revenue credits)

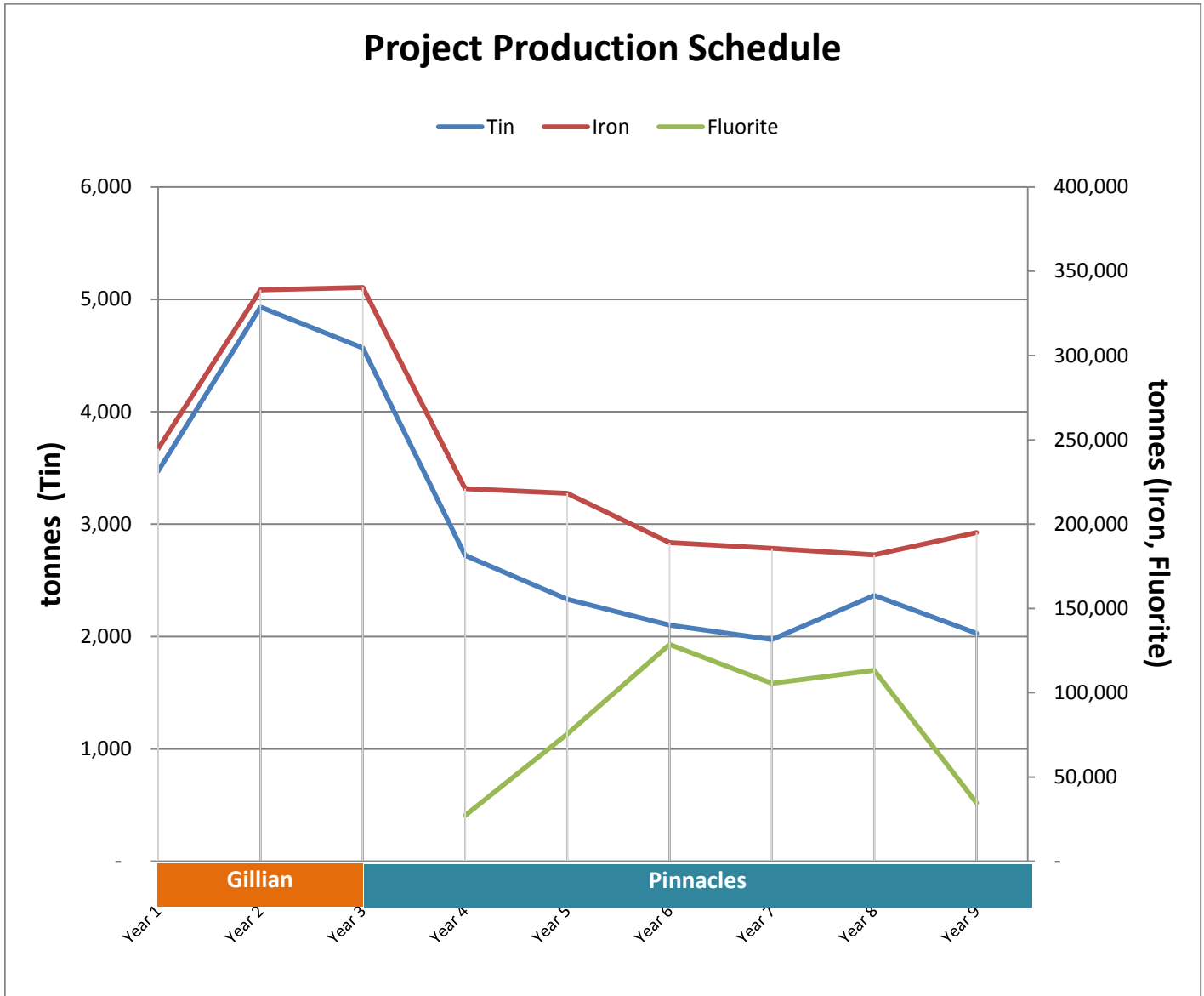
*Free On Board (FOB) includes all costs loaded on ship; including operating costs, ore and concentrate haulage, port levy and royalties*

**Figure 1: Key Project Map**



The PFS indicated that the total estimated capital cost required to deliver first production for the Mt Garnet Project is AU\$76M. The upfront capital estimates for the project are significantly reduced through the use of an existing and established processing facility located at Mt Garnet, which is owned by Snow Peak Mining Pty Ltd (SPM). SPM acquired the processing facility, and other project assets, from previous owner, Kagara Ltd, after it went into administration. The Company advises that it expects to be able to further reduce this capital cost figure.

**Figure 2: Project Production Schedule**



The completion of the PFS triggered the finalisation of a formal agreement with SPM investors to incorporate the Mt Garnet concentrator into the Mt Garnet Tin Project (in an agreement that is mutually beneficial to both parties). It is intended that, with the addition of tin processing equipment, ore from the Mt Garnet Project will be processed at the existing Snow Peak Mt Garnet concentrator (refer Figure 3: Simplified Gillian Process Flowsheet).

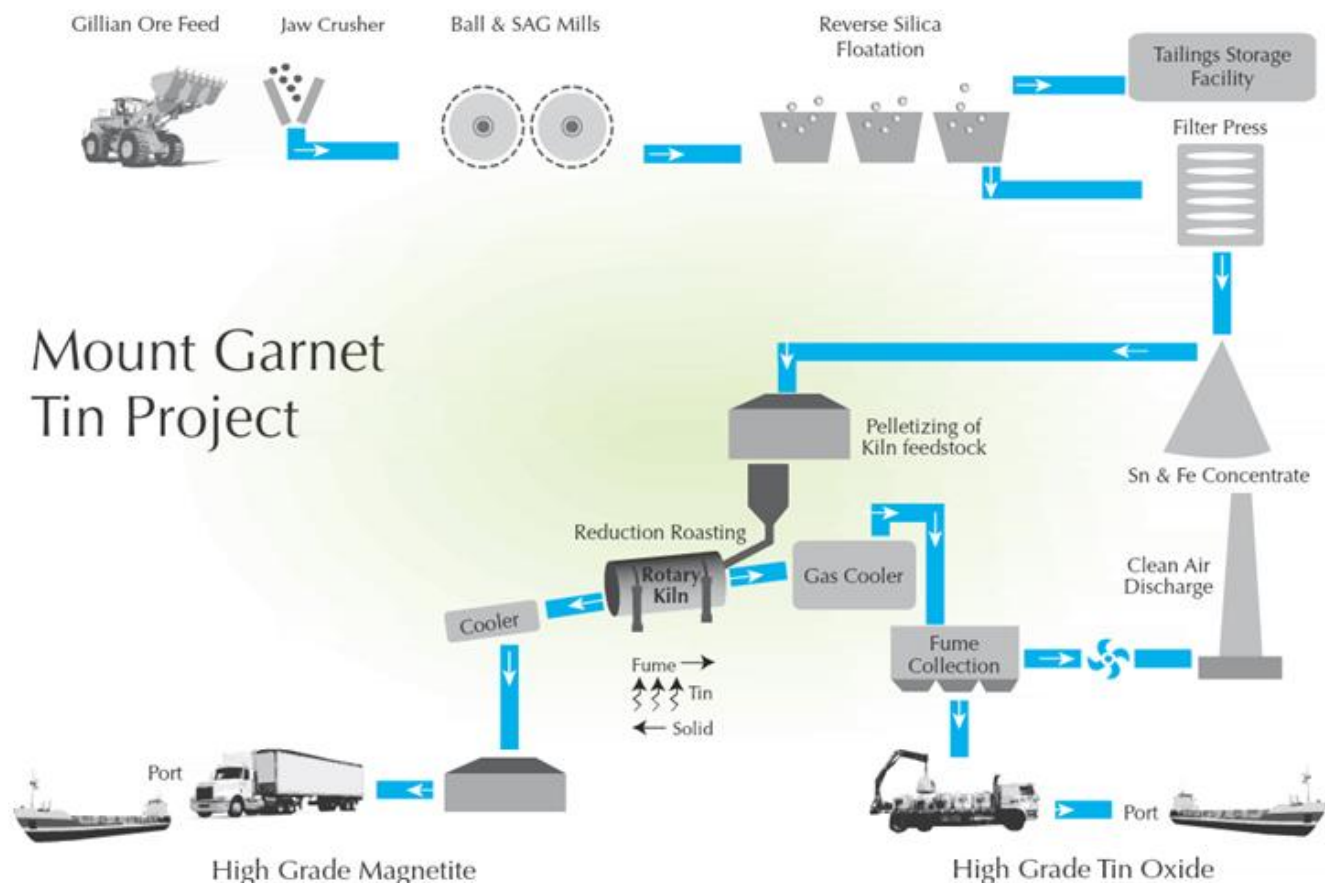
CSD and SPM are working cooperatively to finalise agreement on the utilisation of the concentrator and a binding agreement is expected Q4 2013.

The PFS identified a number of opportunities for financial improvement which are currently being evaluated through the DFS process:

- Operating mining cost can be reduced significantly with mine design optimization through completing geotechnical drilling and evaluation to optimize mine design and reduce strip ratios
- Potential development of partnership with a boutique offshore iron smelter to incorporate tin fuming, leading to reductions in CAPEX and OPEX without a material increase in freight cost
- The current market downturn creates opportunity for significant savings on capital equipment and operating consumables
- Company strategy is to continue exploration of other known mineralisation in the current tenement holding to confirm additional resources to increase mine life
- Potential improvement to the recovery of more contained tin metal in the current mining inventory of 44,000 tonnes

**Following the positive outcomes of the PFS and the encouraging opportunities to enhance the PFS cost base via project optimisation, the Company approved the immediate initiation of a Definitive Feasibility Study (DFS) for the project, which is now underway.**

**Figure 3: Simplified Gillian Process Flow sheet**



### CORPORATE

#### 1 SECURITY HOLDERS

Total ordinary shares on issue 223,314,381

Options (exercisable at 20 cents each on or before 31st December 2013) 61,674,990.

Unlisted Options (exercisable at 7 cents each on or before 31st December 2013) 27,300,000.

#### Top 5 Shareholders at 30 September 2013

SHAREHOLDER	% OF ISSUED CAPITAL
SNOW PEAK INTNL INV LTD	16.30
DE LACEY RALPH + RYAN M	7.28
BEACON MINERALS LTD	6.81
GEOCRYSTAL LTD	4.48
JOHN SAINSBURY CONS P	3.74

#### 2 CASH RESERVES

The Company had \$400,045 in cash reserves at the end of the September quarter.

##### Completion of Non Renounceable Entitlement Issue

The Company's partially underwritten non-renounceable entitlement issue (Offer) closed on 2 July 2013 with the issue of 11,760,793 ordinary fully paid shares at 5 cents each raising \$588,039. During the September quarter the Company placed the 25,458,154 shortfall shares raising a further \$1,272,907 pursuant to the Offer.

##### Exercise of Option to raise \$1.9M

Subsequent to the end of the quarter, Snow Peak International Investments agreed to exercise their 27.3 million unlisted options. This will be done progressively over the next months to raise a total of \$1.9M. The funds raised will be used to complete the final phase of drilling at the Gillian Deposit, other ongoing DFS requirements including environmental and social economic studies, and also for pilot scale metallurgical testwork, mine design and scheduling optimization.

### CURRENT & UPCOMING ACTIVITIES

A final in-fill and geotechnical drill program commenced at the Gillian deposit mid October. This program is designed to add confidence to the Resource model and provide geotechnical information for open cut pit design. Potential increases to Tin and Iron grades are expected as well as an upgrade in Resource category. The program is also designed to produce pilot scale metallurgical samples.

Work programs required to complete definitive studies on the Gillian deposit and to optimize the mine design are underway.

The Company will continue with test work and design for its proposed rotary kiln, with the intention of identifying a suitable off-shore partner (ideally a steel smelter) that will allow the company to locate and manage the final process on their (off-shore) site.

First production target is late 2014 and the Company remains on schedule with work programs required to meet this objective.

Consolidated Tin and Snow Peak Mining Pty Ltd are continuing to work towards finalising an agreement to facilitate the future utilisation of Snow Peak's concentrator at Mt Garnet for tin processing of output from Consolidated Tin's Mt Garnet Project.

The coming months will also see the recommencement of base metals production at SPM's Mt Garnet concentrator, under the management of Consolidated Tin.

The Company also continues to seek to maximize the value of the significant number of other tin exploration opportunities within the broader Mt Garnet tin project area, to further expand the Mt Garnet Project's resource base.

# Consolidated Tin Mines Limited

31 October 2013

ABN: 57 126 634 606

## SEPTEMBER 2013 QUARTER ACTIVITIES & CASHFLOW REPORT

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Table 1: JORC Resource Table

TIN (Sn)	Cut-off Sn_EQ %	Measured tonnes	Grade Sn%	Indicated tonnes	Grade Sn%	Inferred tonnes	Grade Sn%	Total tonnes	Grade Sn%
Gillian	0.2	1,105,000	0.73	1,563,000	0.62	930,000	0.61	<b>3,599,000</b>	<b>0.65</b>
Pinnacles	0.33	-	-	5,461,000	0.30	1,575,000	0.30	<b>7,035,000</b>	<b>0.30</b>
Deadmans Gully	0.18	-	-	444,000	0.34	-	-	<b>444,000</b>	<b>0.34</b>
Windermere	0.25	-	-	829,000	0.26	1,211,000	0.27	<b>2,040,000</b>	<b>0.27</b>
<b>TOTAL</b>		<b>1,105,000</b>	<b>0.73</b>	<b>8,296,000</b>	<b>0.36</b>	<b>3,716,000</b>	<b>0.37</b>	<b>13,118,000</b>	<b>0.39</b>

IRON (Fe)	Cut-off Sn_EQ %	Measured tonnes	Grade Fe%	Indicated tonnes	Grade Fe%	Inferred tonnes	Grade Fe%	Total tonnes	Grade Fe%
Gillian	0.2	1,105,000	32.32	1,563,000	24.50	930,000	28.53	<b>3,599,000</b>	<b>27.95</b>
Pinnacles	0.33	-	-	5,461,000	19.12	1,575,000	21.04	<b>7,035,000</b>	<b>19.55</b>
Deadmans Gully	0.18	-	-	444,000	26.70	-	0.00	<b>444,000</b>	<b>26.70</b>
Windermere	0.25	-	-	829,000	25.79	1,211,000	23.68	<b>2,040,000</b>	<b>24.54</b>
<b>TOTAL</b>		<b>1,105,000</b>	<b>32.32</b>	<b>8,296,000</b>	<b>21.21</b>	<b>3,716,000</b>	<b>23.78</b>	<b>13,118,000</b>	<b>22.87</b>

FLUORINE (F)	Cut-off Sn_EQ %	Measured tonnes	Grade F%	Indicated tonnes	Grade F%	Inferred tonnes	Grade F%	Total tonnes	Grade F%
Pinnacles	0.33	-	-	5,461,000	6.28	1,575,000	4.14	<b>7,035,000</b>	<b>5.80</b>
<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>5,461,000</b>	<b>6.28</b>	<b>1,575,000</b>	<b>4.14</b>	<b>7,035,000</b>	<b>5.80</b>

TIN EQUIVALENT (Sn_EQ)	Cut-off Sn_EQ %	Measured tonnes	Sn_EQ %	Indicated tonnes	Sn_EQ %	Inferred tonnes	Sn_EQ %	Total tonnes	Sn_EQ %
Gillian	0.2	1,105,000	0.91	1,563,000	0.75	930,000	0.77	<b>3,599,000</b>	<b>0.81</b>
Pinnacles	0.33	-	-	5,461,000	0.50	1,575,000	0.47	<b>7,035,000</b>	<b>0.49</b>
Deadmans Gully	0.18	-	-	444,000	0.49	-	0.00	<b>444,000</b>	<b>0.49</b>
Windermere	0.25	-	-	829,000	0.40	1,211,000	0.41	<b>2,040,000</b>	<b>0.41</b>
<b>TOTAL</b>		<b>1,105,000</b>	<b>0.91</b>	<b>8,296,000</b>	<b>0.54</b>	<b>3,716,000</b>	<b>0.53</b>	<b>13,118,000</b>	<b>0.56</b>

Sn equivalent is based on the following Formula, product pricing and metallurgical recoveries;

$$\text{Sn\%} + (\text{Fe\%} * \text{FeREC} * \text{Fe\$/t} / \text{Sn\$/t}) + (\text{F\%} * \text{FREC} * \text{F\$/t} / \text{Sn\$/t})$$

$$(\text{Sn\%}) + (\text{Fe\%} * 0.75 * (150 / 20,000)) + (\text{F\%} * 0.7 * (400 / 20,000))$$

Sn = AU\$ 20,000/tonne,  
 Fe = 75% recovery @ AU\$ 150/tonne  
 F = 70% recovery @ AU\$ 400/tonne  
 REC = Recovery

### Competent Persons Statement

The information in this announcement that relates to Mineral Resource is based on information compiled by Mr Michael Andrew, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Andrew is a Principal of Optiro Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10

Name of entity

CONSOLIDATED TIN MINES LIMITED

ABN

57 126 634 606

Quarter ended ("current quarter")

30 September 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Curent quarter \$A'000	Year to date (3 mths) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(751)	(751)
(b) development	-	-
(c) production	-	-
(d) administration	(201)	(201)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid	-	-
1.7 Other – R&D refund	-	-
<b>Net Operating Cash Flows</b>	<b>(962)</b>	<b>(962)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	(6)	(6)
(c) other fixed assets	-	-
(d) bonds & deposits	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
(d)bonds & deposits	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other –	-	-
<b>Net investing cash flows</b>	<b>(6)</b>	<b>(6)</b>
1.13 Total operating and investing cash flows (carried forward)	(968)	(968)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(968)	(968)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,665	1,665
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(550)	(550)
1.18	Dividends paid	-	-
1.19	Other (Share Issue Costs)	(38)	(38)
	<b>Net financing cash flows</b>	<b>1,077</b>	<b>1,077</b>
	<b>Net increase (decrease) in cash held</b>	<b>109</b>	<b>109</b>
1.20	Cash at beginning of quarter/year to date	291	291
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>400</b>	<b>400</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Curent quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	30
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- |   |
|---|
| <ul style="list-style-type: none"> <li>i. Remuneration of Directors- \$18,039.</li> <li>ii. Office rent and motor vehicle expenses paid to NQ Mining Enterprise Pty Ltd an entity owned by Mr Ralph De Lacey - \$12,408.</li> </ul> |
|---|

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- |  |
|--|
|  |
|--|
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- |  |
|--|
|  |
|--|

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,000	-
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	600
4.2	Development	-
4.3	Production	-
4.4	Administration	200
<b>Total</b>		<b>800</b>

*The Company has announced on 28 October 2013, that Snow Peak International Investments has agreed to exercise its 27.3 million unlisted options at \$0.07 per options progressively over the next months. This will raise the Company a total of \$1.9M in working capital.*

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	354	245
5.2 Deposits at call	46	46
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>400</b>	<b>291</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EPM 17442	Relinquishment of 14 sub-blocks	65 sub-blocks 51 sub-blocks
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

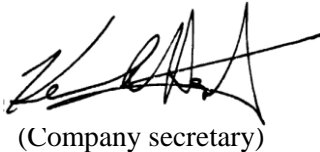
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>+Ordinary securities</b>	223,314,381	223,314,381		
7.4 Changes during quarter				
(a) Increases through issues	37,218,647	37,218,647		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	61,674,990	61,674,990	Exercise price	Expiry date
	27,300,000	-	20 cents	31/12/2013
			7 cents	31/12/2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 31 October 2013

Print name: Kevin Hart

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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