

**CONSOLIDATED**

TIN MINES LIMITED

ABN: 57 126 634 606 ASX: CSD



**Half Year  
Financial Report**

**For the Half-Year Ended  
31 December 2017**

**Contents**

	<b>Page</b>
.....	
Directors' Report	2-3
.....	
Auditor's Independence Declaration	4
.....	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
.....	
Condensed Consolidated Statement of Financial Position	6
.....	
Condensed Consolidated Statement of Changes in Equity	7
.....	
Condensed Consolidated Statement of Cash Flows	8
.....	
Notes to the Condensed Consolidated Financial Statements	9 – 21
.....	
Directors' Declaration	22
.....	
Independent Auditor's Review Report	23 – 24
.....	

## **Directors' Report**

The Directors of Consolidated Tin Mines Limited (the Company) present their report together with the Condensed Consolidated Financial Statements for the six months ended 31 December 2017 and the Independent Auditor's Review Report thereon.

The Condensed Consolidated Financial Statements as at and for the half year ended 31 December 2017 comprise Consolidated Tin Mines Ltd and its controlled entities (the Group).

### **Directors**

The following persons were directors of Consolidated Tin Mines Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr Ralph De Lacey	<i>(Joint Executive Chairman and Managing Director)</i>
Mr Kwok Ching Tsoi (Alex)	<i>(Joint Executive Chairman)</i>
Mr Ze Huang Cai (Martin)	<i>(Executive Director and Company Secretary)</i>
Mr Si He Tong	<i>(Non-Executive Director)</i>
Ms Xiaoyan Tong (Seraphina)	<i>(Alternate Non-Executive Director)</i>

### **Company Secretary**

Mr Ze Huang Cai (Martin)

### **Review of Operations**

The net loss after income tax of the Group for the half-year was \$16,077,080 (31 December 2016: loss of \$10,201,559).

At the end of the half-year the Group had \$1,658,371 (30 June 2017: \$779,143) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$47,997,922 (30 June 2017: \$45,448,509) and capitalised mining tenements is \$3,690,224 (30 June 2017: \$3,993,464).

### **Mining and Processing Operations**

Mining operations at the Mt Garnet underground mine recommenced on 5th July 2017 with first ore delivered to the Run-of-Mine (ROM) on 6 July 2017.

The Mt Garnet Mill commenced concentrate production on 24 July 2017, though operations were subsequently suspended from 6 November 2017 to 28 February 2018 due to delays in the refurbishment of the Dry River South ("DRS") decline, resulting in delays in millfeed being available from DRS. DRS is an underground mine located adjacent to the Surveyor open cut pit.

The DRS decline refurbishment is nearing completion and mining is expected to commence late March 2018. Millfeed during March is being sourced from stockpiled ore from the Mt Garnet mine.

### **Subscription Agreement and Funding**

Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and Cyan has advanced \$36,560,500 (as at the date of signing these financial statements) of the total subscription amount (inclusive of the DOCA funds and funds for care and maintenance paid by Cyan to the Administrators). Cyan has also loaned an additional \$23,595,608 before accrued interest to the Company, as at the date of signing these financial statements.

This additional funding has been provided under 2 facilities whereby individual drawdowns are separately agreed:

- \$10m commencing September 2017 for a 3 year period at an interest rate of 6% (\$10m drawn down as at the date of this report); and
- \$20m commencing November 2017 for a 2 year period at an interest rate of 6% (\$13.60m drawn down as at the date of this report).

**Review of Operations (continued)**

The balance of accrued interest on these loans at balance date is \$133,376. These loans are secured by a floating charge over all of the Group's assets. Refer to Review of Operations in the 2017 Annual Report for details of terms of the DOCA and the Subscription Agreement.

**Baal Gammon Copper Pty Ltd Legal Action**

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against the Administrators, the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company successfully defended this action and the case was dismissed by the Queensland Supreme Court in September 2017 with BGC ordered to pay costs.

**Significant Changes in State of Affairs**

Mining and processing operations recommenced at Mt Garnet in July 2017 following the completion of refurbishment work commenced in December 2016.

There were no other significant changes from those activities set out in the 2017 annual report.

**Matters Subsequent to the End of the Financial Period**

**Recommencement of Processing Operations**

The Mt Garnet mill recommenced production on 28 February using feed from ore stockpiled from the Mt Garnet mine. Additional feed will be sourced from the DRS mine once mining commences which is currently expected by the end of March.

**Distribution by Administrator**

A first and final dividend from the creditors trust, operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees, was declared on 22 January 2018.

Other than the information provided above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act* is set out on the following page and forms part of this Directors' report for the half-year ended 31 December 2017.

This report is made in accordance with a resolution of the Directors.

DATED at Cairns this 16<sup>th</sup> day of March 2018.



**Ralph De Lacey**  
**Joint Executive Chairman**



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Consolidated Tin Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Consolidated Tin Mines Limited for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Daniel Camilleri  
*Partner*

Sydney

16 March 2018

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Condensed Consolidated Statement of  
Profit or Loss and Other Comprehensive Income  
For the half-year ended 31 December 2017**

	Note	Half Year Ended	
		31 December 2017 \$	31 December 2016 \$
Revenue		4,397,022	482,560
Cost of sales	4(a)	<b>(10,266,819)</b>	(244,780)
Gross (loss)/profit		<b>(5,869,797)</b>	237,780
Mine and mill refurbishment		<b>(2,707,187)</b>	-
Care and maintenance costs	4(b)	<b>(1,670,488)</b>	(4,635,193)
Administrative expenses		<b>(1,021,023)</b>	(3,064,063)
Corporate and other expenses		<b>(2,034,791)</b>	(227,295)
Impairment of exploration and evaluation assets	6	<b>(2,615,150)</b>	(864,599)
<b>Operating loss</b>		<b>(15,918,436)</b>	(8,553,370)
Net finance income/(expense)	4(d)	<b>(158,642)</b>	(1,648,189)
<b>Loss before income tax</b>		<b>(16,077,078)</b>	(10,201,559)
Income tax benefit		-	-
<b>Loss for the period</b>		<b>(16,077,078)</b>	(10,201,559)
Other comprehensive Income			-
<b>Total comprehensive income for the period attributable to owners of the Group</b>		<b>(16,077,078)</b>	(10,201,559)
<b>Loss per share</b>			
Basic loss per share (cents)		(1.81)	(1.15)
Diluted loss per share (cents)		(1.81)	(1.15)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2017**

	Note	31 December 2017	30 June 2017
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		1,658,371	779,143
Trade and other receivables		1,924,815	945,968
Inventories		222,092	184,755
Prepayments		736,377	674,927
<b>Total current assets</b>		<b>4,541,655</b>	2,584,793
<b>Non-current assets</b>			
Property, plant and equipment	5	26,105,352	24,469,434
Exploration and evaluation assets	6	48,223,847	45,448,509
Mining tenements	7	3,690,224	3,993,464
Bonds and deposits	8	11,745,509	11,690,443
<b>Total non-current assets</b>		<b>89,764,932</b>	85,601,850
<b>Total assets</b>		<b>94,306,587</b>	88,186,643
<b>Current liabilities</b>			
Trade and other payables	9	11,599,262	13,944,998
Employee benefits		858,905	667,960
Loans and borrowings	10	66,850,850	57,340,093
<b>Total current liabilities</b>		<b>79,309,017</b>	71,953,051
<b>Non-current liabilities</b>			
Loans and borrowings	10	14,783,376	-
Employee benefits		294,603	236,923
Rehabilitation provision	11	10,744,121	10,744,121
<b>Total non-current liabilities</b>		<b>25,822,100</b>	10,981,044
<b>Total liabilities</b>		<b>105,131,117</b>	82,934,095
<b>Net assets</b>		<b>(10,824,530)</b>	5,252,548
<b>Equity</b>			
Issued capital	12	35,749,050	35,749,050
Accumulated losses		(46,573,580)	(30,496,502)
<b>Total equity</b>		<b>(10,824,530)</b>	5,252,548

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Condensed Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2017**

	Issued Capital \$	Accumulated losses \$	Convertible Note reserve \$	Total \$
<b>At 1 July 2017</b>	<b>35,749,050</b>	<b>(30,496,502)</b>	<b>-</b>	<b>5,252,548</b>
<b>Total comprehensive income for the half-year:</b>				
<b>Loss for the half-year</b>	-	<b>(16,077,078)</b>	-	<b>(16,077,078)</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>	-	-	-	-
<b>At 31 December 2017</b>	<b>35,749,050</b>	<b>(46,573,580)</b>	<b>-</b>	<b>(10,824,530)</b>

	Issued Capital \$	Accumulated losses \$	Convertible Note reserve \$	Total \$
At 1 July 2016	35,749,050	(21,642,012)	1,062,457	15,169,495
Total comprehensive income for the half-year:				
Loss for the half-year	-	(10,201,559)	-	(10,201,559)
Other comprehensive income	-	-	-	-
Transfer of Convertible Note Reserve	-	1,062,457	(1,062,457)	-
Transactions with owners in their capacity as owners:	-	-	-	-
At 31 December 2016	35,749,050	(30,781,114)	-	4,967,936

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Condensed Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2017**

	<b>31 December 2017 \$</b>	31 December 2016 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>3,207,525</b>	482,560
Payments to suppliers and employees (net of reimbursed management costs)	<b>(17,667,176)</b>	(3,785,444)
Interest received	-	20,143
Interest paid	<b>(25,268)</b>	-
<b>Net cash used in operating activities</b>	<b>(14,484,919)</b>	(3,284,741)
<b>Cash flows from investing activities</b>		
Exploration and feasibility expenditure	<b>(5,164,564)</b>	(586,982)
Payments for plant and equipment	<b>(2,890,304)</b>	-
Disposal of Baal Gammon copper project	<b>(400,000)</b>	-
Placement of security deposits	<b>(341,740)</b>	(1,009,965)
<b>Net cash used in investing activities</b>	<b>(8,796,608)</b>	(1,596,947)
<b>Cash flows from financing activities</b>		
Proceeds from Cyan Stone Pty Ltd	<b>24,496,754</b>	3,613,744
Proceeds from Ming Huang Trading Limited	-	2,723,913
Net repayment of other borrowings	<b>(335,999)</b>	-
<b>Net cash generated from financing activities</b>	<b>24,160,755</b>	6,337,657
<b>Net increase / (decrease) in cash held</b>	<b>879,228</b>	1,457,969
<b>Cash at the beginning of the period</b>	<b>779,143</b>	1,094,967
<b>Cash at the end of the period</b>	<b>1,658,371</b>	2,552,936

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 1 Basis of preparation of half-year financial report**

Consolidated Tin Mines Limited (the Company) is a company domiciled in Australia. These condensed consolidated half-year financial statements (half-year financial statements) as at and for the six months ended 31 December 2017 comprise the Company and its controlled entities (together referred to as the Group).

The Group is a for-profit entity primarily involved in the exploration for mineral resources and the mining of such resources for sale. The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 are available upon request from the Company's registered office at 395 Lake Street, Cairns, Australia or at [www.csdtin.com.au](http://www.csdtin.com.au).

These half-year consolidated financial statements are short form financial statements for the half-year reporting period ended 31 December 2017 and have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The historical cost basis has been used except for the revaluation of certain financial instruments to fair value. The carrying value of financial assets and financial liabilities is a reasonable approximation of fair value.

Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is also the Group's functional currency.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2017 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial statements were approved by the Board of Directors on 16<sup>th</sup> March 2018.

**Accounting policies and methods of computation**

The same accounting policies, accounting judgements, key estimates and methods of computation have been followed in preparing these half-year financial statements as compared with the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Going concern basis for preparation of financial statements**

The half-year financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

At 31 December 2017, the Group had a cash balance of \$1,658,371 (June 2017: \$779,143), a working capital deficiency of \$89,325,993 (June 2017: \$69,368,257) and incurred net operating cash outflows of \$14,684,213 (half year to 31 December 2016: \$(3,284,741)).

The ability of the Group to continue as a going concern is dependent on:

- shareholder approval being obtained to issue Cyan Stone Pty Ltd (Cyan) 2,700,000,000 shares and an option to subscribe to 198,176,774 shares for \$2,500,000 pursuant to the terms of a subscription agreement entered into with Cyan;
- the successful restructure of the Company as proposed under the terms of the Deed of Company Arrangement (DOCA), whereby related party creditors will convert to ordinary shares, which remains subject to shareholder approval;

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Going concern basis for preparation of financial statements (continued)**

- the successful achievement of the operations plans which are based on assumptions including commodity prices, foreign exchange rates and achieving production quantities in line with respective cost and timing assumptions; and
- receipt of \$6,404,392 in debt funding from Cyan under the two facilities described below as per the Group's 4 year operations plan for the calendar years 2018 to 2021.

*Cyan Stone Pty Ltd*

Under the terms of the Subscription Agreement with Cyan, Cyan has advanced \$36,560,500 (as at the date of signing these financial statements) to the Group comprising DOCA funds of \$10,000,000, care and maintenance funds paid to the Administrator of \$1,213,744 and \$25,346,756 paid to the Group to fund operations. Cyan has also loaned an additional \$23,595,608 to the Company as at the date of signing these financial statements.

This additional funding has been provided under two separate facilities whereby individual drawdowns are separately agreed:

- \$10m commencing September 2017 for a 3 year period at an interest rate of 6% p.a. (\$10m drawn down as at the date of this report); and
- \$20m commencing November 2017 for a 2 year period at an interest rate of 6% p.a. (\$13,595,608 drawn down as at the date of this report).

The balance of accrued interest on these loans at balance date is \$133,376. These loans are secured by a floating charge over all of the Group's assets.

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been advanced by Cyan under the subscription agreement will automatically be converted into an interest-bearing loan which will be due and payable immediately.

*Related party creditors*

The Deed of Company Arrangement proposed a restructure of the Company whereby related party creditors will convert their debt which totalled \$34,335,564 (as at 8 December 2016, being the date of execution of the Deed of Company Arrangement) into ordinary shares in the Company. This restructure is subject to shareholder approval.

Related party creditors as at 31 December 2017 that will convert into ordinary shares include:

- Payables to SPM and Snow Peak International Investments Limited of \$5,295,102;
- Loan owing to SPM of \$16,816,438;
- Payables owing to Snow Peak Global Company Limited of \$10,750,000 including accrued interest;
- Payables to ARM (NQ) Pty Ltd of \$173,137;
- Payables to NQ Mining Enterprise Pty Ltd of \$79,346;
- Payables to Workforce One Pty Ltd of \$812,776; and
- Payables to Director of \$404,401 for unpaid debts.

Should the Group not be successful in achieving shareholder approval for the issue of shares to related party creditors in settlement of debt, this debt will remain a liability of the Company and will be due and payable immediately.

*Operations Plans*

The Group has implemented a four year operations plan starting 1 November 2017 to recommence mining at the Mt Garnet, Surveyor and Maitland mines with processing of ore at the Mt Garnet Processing Plant. The operations plan is dependent upon the Group being able to sell product in line with assumptions used in the Group's economic forecasts, including commodity prices, production quantities, costs, production timing and foreign exchange rates, to support the Group's continued operations.

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Going concern basis for preparation of financial statements (continued)**

The Group reviews recent market movements and considers the opinions and forecasts of industry and finance professionals in determining the Group's economic forecasts. At present, the Group views that the best forecast is the prevailing market rate of the day. The Group periodically reviews our operations plans and cash flow forecasts by updating the economic variables to the prevailing rates for zinc, lead, copper and silver commodities.

Based on the assumptions above, the Group's operations model cash flow forecast to June 2021 provides a positive cash position and positive working capital ratio.

Significant falls in commodity prices and/or increases in foreign exchange rates will have a material impact on the future cash flows of the Company.

The Group's operations plan is subject to inherent production risks relating to underground mining, transportation, weather and processing of mineral ore. Any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

These assumptions in respect of shareholder approval of the Subscription Agreement, the shareholder approval of the Deed of Company Arrangement and proposed restructure of the Company, commodity prices, foreign exchange rates, production quantities, timing and cost and provision of future funding by Cyan represent uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

As a result, should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debt obligations as and when they fall due.

**Adoption of new and revised standards**

*Standards and Interpretations applicable to 31 December 2017*

In the half year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 July 2017.

*New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Adoption of new and revised standards (continued)**

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

**Note 2 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a) Exploration and evaluation assets

The Group's accounting policy is stated at Note 1 of the Consolidated Annual Financial Statements of the Group as at and for the year ended 30 June 2017. A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

b) Mining tenements

When production commences on an area of interest, the area of interest is reclassified as a mining tenement and the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs relating to areas of interest classified as mining tenements are not capitalised but are treated as operating expenses.

c) Deferred tax assets

The Group does not recognise net deferred tax assets as it is improbable in the short to medium term that these assets will be realised.

d) Rehabilitation provision

The calculation of rehabilitation and closure provisions rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 2 Critical accounting estimates and judgements (continued)**

The Group currently bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

**Note 3 Segment information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently considers there to be only one reportable segment, that being mining and exploration within Australia.

All significant operating decisions are based upon analysis of the entity as a single segment. The financial results of this segment are represented by the half-year financial statements of the Group.

**Note 4 Loss before income tax**

The following expense items are relevant in explaining the financial performance for the half-year:

	<b>For the half-year ended 31 December 2017 \$</b>	<b>For the half-year ended 31 December 2016 \$</b>
<b>(a) Cost of Sales</b>		
Mining and processing costs	8,582,016	13,568
Royalties	249,963	-
Movement in inventories	37,337	231,212
Depreciation	1,094,263	-
Amortisation	303,240	-
Total cost of sales	<b>10,266,819</b>	244,780
<b>(b) Care and Maintenance Costs</b>		
Mt Garnet	1,123,357	1,776,974
Baal Gammon	-	563,112
Surveyor	-	321,419
Depreciation	547,131	1,973,688
Total care and maintenance cost	<b>1,670,488</b>	4,635,193
<b>(c) Depreciation</b>		
Buildings	103,845	155,871
Office equipment	16,673	11,756
Motor vehicles	66,486	17,724
Plant and equipment	1,454,390	1,788,337
Total depreciation included in cost of sales and care and maintenance	<b>1,641,394</b>	1,973,688
<b>(d) Net finance expense / (income)</b>		
Interest received from financial institutions	(2,299)	(20,143)
Interest expense	160,941	1,668,332
Total net finance expense / (income)	<b>158,642</b>	1,648,189

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 5 Property, plant and equipment**

The movement in property, plant and equipment for the financial period is as follows:

	<b>For the half-year ended 31 December 2017 \$</b>	For the half-year ended 31 December 2016 \$
Balance at beginning of period	<b>24,469,434</b>	23,877,441
Depreciation	<b>(1,641,394)</b>	(1,973,688)
Additions	<b>3,277,312</b>	-
Balance at end of period	<b>26,105,352</b>	21,903,753

**Note 6 Exploration and evaluation assets**

	<b>31 December 2017 \$</b>	30 June 2017 \$
Exploration and evaluation phase – at cost	<b>48,223,847</b>	45,448,509

Reconciliation of Movements in the Period

	<b>For the half-year ended 31 December 2017 \$</b>	For the half-year ended 31 December 2016 \$
<i>In the exploration and evaluation phase</i>		
Balance at beginning of period	<b>45,448,509</b>	48,034,283
Exploration expenditure incurred during the period at cost	<b>5,390,488</b>	637,415
Exploration assets reclassified as Mining tenements	-	(3,993,464)
Impairment of exploration costs	<b>(2,615,150)</b>	(864,600)
Balance at end of period	<b>48,223,847</b>	43,813,634

Exploration and evaluation assets acquired have been recorded at recoverable value per independent valuation reports used in determining the valuation of the assets transferred as part of the Asset Sale Agreement which completed on 19 April 2016. The recoverability of exploration and evaluation assets carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. No exploration assets have been pledged as security by the Group.

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Group has full beneficial ownership and control over the tenements. The transfer of the tenements is expected to be finalised by June 2018.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 7 Mining tenements**

	<b>31 December 2017</b>	30 June 2017
	\$	\$
Mining tenements	<b>3,690,224</b>	<b>3,993,464</b>

*Reconciliation of Movements in the Period*

	<b>For the half- year ended 31 December 2017</b>	For the half- year ended 31 December 2016
	\$	\$
Balance at beginning of period	<b>3,993,464</b>	-
Exploration assets reclassified as Mining tenements	-	3,993,464
Amortisation	<b>(303,240)</b>	-
Balance at end of period	<b>3,690,224</b>	3,993,464

Mining tenements acquired have been recorded at recoverable value per independent valuation reports used in determining the valuation of the assets transferred as part of the Asset Sale Agreement which completed on 19 April 2016. The recoverability of mining tenements carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. No mining tenements have been pledged as security by the Group.

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Group has full beneficial ownership and control over the tenements. The transfer of the tenements is expected to be finalised by June 2018.



**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 8 Bonds and deposits**

	<b>31 December 2017</b>	30 June 2017
	<b>\$</b>	<b>\$</b>
Bonds and deposits	<b>931,740</b>	876,674
Rehabilitation financial assurances	<b>10,813,769</b>	10,813,769
	<b>11,745,509</b>	<b>11,690,443</b>

The bonds, assurances and deposits act as security for environmental bonds over tenements on which the Group has worked or is currently working.

The Financial Assurances are held in SPM's name and are awaiting transfer to the Group together with the tenements held in SPM's name (Notes 6 and 7), the Group has beneficial ownership over the Financial Assurances.

**Note 9 Trade and other payables**

	<b>31 December 2017</b>	30 June 2017
	<b>\$</b>	<b>\$</b>
Trade payables and accruals	<b>5,134,164</b>	7,372,922
Director and employment related payables	<b>919,996</b>	1,276,974
Payables to Snow Peak Group	<b>5,545,102</b>	5,295,102
	<b>11,599,262</b>	<b>13,944,998</b>

Due to the short-term nature of the Group's payables, the carrying amount is assumed to approximate their fair value.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 10 Loans and borrowings**

	<b>31 December 2017</b>	30 June 2017
<i>Current</i>	<b>\$</b>	<b>\$</b>
Subscription funds – Cyan Stone <sup>(i)</sup>	<b>36,560,499</b>	26,713,744
Amounts owing - Snow Peak Mining <sup>(ii)</sup>	<b>16,816,438</b>	16,816,438
Amounts owing - Snow Peak Global Company <sup>(iii)</sup>	<b>10,750,000</b>	10,750,000
Loan - Ming Huang Trading <sup>(iii)</sup>	<b>2,723,913</b>	2,723,913
Other	-	335,998
<b>Total</b>	<b>66,850,850</b>	57,340,093
<i>Non-current</i>		
Loan – Cyan Stone <sup>(i)</sup>	<b>14,783,376</b>	-

(i) Loan – Cyan Stone Pty Ltd

Pursuant to the Subscription Agreement (as varied), Cyan Stone Pty Ltd (Cyan) agreed to a scheduled prepayment of the subscription funds, and Cyan has prepaid \$26,713,744 comprising DOCA funds of \$10m, care and maintenance funds paid to the Administrator whilst they were in control of the Company of \$1,213,744 and \$15m paid to the Group to fund operations.

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

- To establish a \$10m creditors trust to be operated by the Administrators;
- To repay care and maintenance loans totalling \$3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration inclusive of bank charges deducted at source; and
- For working capital purposes.

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been prepaid by Cyan will automatically be converted into a loan which will be due and payable at call and with interest accruing at 10% per annum.

Cyan has also loaned an additional \$14,650,000 before accrued interest as at balance date. This funding has been provided under two separate facilities whereby individual drawdowns are separately agreed and is repayable at the end of the term:

- \$10m commencing September 2017 for a 3 year period at an interest rate of 6% p.a. (\$10m drawn down as at balance date); and
- \$20m commencing November 2017 for a 2 year period at an interest rate of 6% p.a. (\$4.65m drawn down as at balance date).

The balance includes accrued interest of \$133,376. These loans are secured by a floating charge over all of the Group's assets. Refer to Note 1 "Going concern basis for preparation of financial statements" for drawn down balance at time of signing this report.

(ii) SPGC Loan

As part of the assumption of SPM liabilities a \$10m loan from Snow Peak Global Company Limited (SPGC) to SPM was assumed by the Group. The loan had a term of 12 months and was repayable on 22 October 2016 at which date interest stopped accruing. Interest accrued at 10%, was payable quarterly and any accrued interest is included in the outstanding balance of the loan owing.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 10 Loans and borrowings (continued)**

On the repayment date, SPGC had the option to convert the Loan into a 10% ownership of the assets acquired by the Group under the Asset Sale Agreement, however this option was not exercised by SPGC and the amount owing is now due and payable at call. The amounts owing to SPM and SPGC, together totalling \$27,566,438 at 31 December 2017, form part of the related party creditors whose debt is proposed to be converted into shares under the Deed of Company Arrangement.

(iii) Loan – Ming Huang Trading

During the term of the Administration of the Company, Ming Huang Trading Limited advanced to the Administrator \$2,723,913, whilst they were in control of the Company to fund care and maintenance requirements. This loan is not interest bearing and is due and payable at call.

**Note 11 Non-current liabilities – Provisions**

	<b>31 December 2017 \$</b>	30 June 2017 \$
Rehabilitation Provision	<b>10,744,121</b>	10,744,121

The rehabilitation provision relates to the estimated obligation in relation to the environmental rectification works on the Group's tenements. The Group's rehabilitation provision is backed by environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement (refer note 8).

**Note 12 Issued capital**

	<b>31 December 2017 #</b>	30 June 2017 #	<b>31 December 2017 \$</b>	30 June 2017 \$
Issued capital - Shares				
At the beginning of the period	<b>889,970,521</b>	889,970,521	<b>35,749,050</b>	35,749,050
At the end of the period	<b>889,970,521</b>	889,970,521	<b>35,749,050</b>	35,749,050

**Note 13 Dividends**

No dividends were paid or proposed during the period or comparative period.

**Note 14 Related Party Transactions**

During the period ended 31 December 2017, the Group incurred \$40,320 (6 months to 31 December 2017: \$32,429) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. The balance owing to the director related entity as at 31 December 2017 is \$79,346 (30 June 2017: \$79,346) which is interest free and due and payable at call.

During the period, the Group incurred \$72,000 (6 months to 31 December 2017: 56,645) from ARM (NQ) Pty Ltd a company associated with Mr De Lacey, Mr Tsoi and Mr Cai. All services provided by ARM (NQ) Pty Ltd, primarily rent on the Mt Garnet residential properties, were done so at an arm's length basis and on normal commercial terms.

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 14 Related Party Transactions (continued)**

There is a balance of \$173,137 owing as at 31 December 2017 (30 June 2017: \$173,137) which is interest free and due and payable at call.

Workforce One Pty Ltd is a company associated with Mr De Lacey, Mr Cai and Mr Tsoi. All services provided by Workforce One Pty Ltd were done so at an arm's length basis and on normal commercial terms. Whilst no costs were incurred during the six months, there is a balance of \$812,776 owing as at 31 December 2017 (30 June 2017: \$812,776) which is interest free and due and payable at call.

During the period, the Group incurred costs of \$462,374 (2016: \$523,103) relating to director remuneration. The Group had payables of \$421,901 owing to the Directors as at 31 December 2017 (30 June 2017: \$404,401).

As at 31 December 2017, the Group had the following payables due to shareholders:

- o \$5,295,102 (30 June 2017: \$5,295,102) owing to SPM and Snow Peak International Investments Limited;
- o Loan owing to SPM of \$16,816,438 (30 June 2017: \$16,816,438); and
- o loans owing to Snow Peak Global Company Limited of \$10,750,000 including accrued interest (30 June 2017: \$10,750,000).

These loans are interest free and due and payable at call.

Except as stated above, there were no other related party transactions during the period.

**Note 15 Contingencies**

*(i) Contingent liabilities*

There were no material contingent liabilities of the Group as at 31 December 2017 other than:

**Environmental Clean-up Notice**

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty and CSD. The Company is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project.

**Native Title and Aboriginal Heritage**

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

*(ii) Contingent assets*

There were no material contingent assets of the Group as at 31 December 2017.

**Consolidated Tin Mines Limited**  
**ABN 57 126 634 606**

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 16 Commitments**

*(i) Future exploration*

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

	<b>31 December 2017 \$</b>	30 June 2017 \$
Payable		
- not later than 12 months	<b>1,921,500</b>	2,143,500
- between 12 months and 5 years	<b>2,943,250</b>	3,793,000
- greater than 5 years	-	-
<b>Total commitments</b>	<b>4,864,750</b>	5,936,500

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

*(ii) Operating lease commitments*

	<b>31 December 2017 \$</b>	30 June 2017 \$
Payable		
- not later than 12 months	<b>1,075,562</b>	2,264,062
- between 12 months and 5 years	-	72,000
- greater than 5 years	-	-
<b>Total commitments</b>	<b>1,075,562</b>	2,336,062

*(iii) Contractual capital commitments*

There are no contractual capital commitments as at 31 December 2017 or 30 June 2017.

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2017**

**Note 17 Events Occurring after the Balance Date**

***Resumption of Processing Operations***

The Mt Garnet mill recommenced production on 28 February using feed from ore stockpiled from the Mt Garnet mine. Additional feed will be sourced from the DRS mine once mining commences which is currently expected by the end of March.

***Distribution by Administrator***

A first and final dividend from the creditors trust, operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees, was declared on 22 January 2018.

Other than the information provided above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

***Subscription Agreement and Funding***

Cyan has loaned an additional \$8,945,608 to the Company since the end of the half year and up to the date of signing these financial statements. The balance borrowed from Cyan before accrued interest is \$60,156,107 as at the date of this report.

**Directors' Declaration**

The Directors of Consolidated Tin Mines Limited (the Company) declare that:

- (a) the accompanying Half-Year Condensed Consolidated Financial Statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the financial position as at 31 December 2017 and of the performance for the half-year ended on that date of the Group.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Cairns this 16<sup>th</sup> day of March 2018.



**Ralph De Lacey**  
**Joint Executive Chairman**



# Independent Auditor's Review Report

To the shareholders of Consolidated Tin Mines Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Consolidated Tin Mines Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Consolidated Tin Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed Consolidated Statement of Financial Position as at 31 December 2017
- Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Consolidated Tin Mines Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

### Material uncertainty related to going concern

Without modifying our review conclusion, attention is drawn to the directors' assessment of going concern in Note 1, "Going concern basis of preparation of financial statements" in the Half-year Financial Report. The matters outlined in Note 1 indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Half-year Financial Report.





## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Consolidated Tin Mines Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Daniel Camilleri  
Partner

Sydney

16 March 2018