

Base metals boost for tin hopeful

Consolidated Tin Mines Ltd is poised to release a DFS on the Mt Garnet tin project in the coming months after completing a seamless acquisition of Snow Peak Mining Pty Ltd's neighbouring assets.

The Queensland-focused junior claimed full ownership of Snow Peak's base metals projects and associated infrastructure in January and has successfully maintained production at the Surveyor mine.

Consolidated Tin plans to leverage the cash flow from its newly acquired base metals operations to develop the Mt Garnet tin project, about 180km south-west of Cairns, later this year.

First tin production is slated for early 2016.

Surveyor has continued to operate 24/7 since Consolidated Tin assumed control of the mine on January 13, following shareholder approval, with mining rates maintained at 30,000 tpm of polymetallic ore.

The 1 mtpa Mt Garnet concentrator – a key item in Consolidated Tin's development strategy – has also maintained production of 2,500 tpm of zinc in concentrate, 700 tpm of lead in concentrate and 180 tpm of copper in concentrate since the change of ownership.

Operations at the Mt Garnet base metals mine will restart this month after being placed on care-and-maintenance in December to coincide with the wet season. More than 100,000t of high-grade zinc was mined from the site during the second half of 2014.

Consolidated Tin managing director John Banning said the first three months of base metals production suggested his company would make another seamless transition to tin production when the time was right and he expected this to be reflected in the upcoming DFS.

"As you do with any DFS, you refine, you optimise, you improve and you make sure you're looking at the right production profile while managing your risk, your exposure and your capitalisation into that project," Banning told *Paidirt*.

"It's painting a pretty interesting picture, but I can't talk too much more about it other than to say I'm pretty excited about wrapping it up in the next few months and putting our position out to the market."

Consolidated Tin first flagged a partnership with Snow Peak – a subsidiary of Consolidated Tin's major shareholder Snow Peak International Investments – in early 2013.

Over the next two years, it came clear the best outcome for both companies was to combine all assets into one publicly listed entity which could use positive cash flow from one operation to fund the development of others.

More importantly, there will be no need to



Consolidated Tin has grand plans for the 1 mtpa Mt Garnet concentrator after recently acquiring the asset from Snow Peak Mining

tap into constrained capital markets for development funds which so many other juniors are desperately seeking.

"We've had to come up with some pretty creative ways in the current market to progress our cornerstone tin project and the only way to do that was to get into a position where we are a business in production with revenue," Banning said.

"Going out to the market and asking for money right now isn't a favourable place to be if you're a junior explorer, even with a great project in your possession, so we just had to get a bit creative and find a way to leverage ourselves into a position where we could have revenue and also offset the capital cost of the tin project."

A PFS completed in late 2013 found the Mt Garnet tin project could support a 1 mtpa operation producing almost 3,000 tpa @ 68% tin in concentrate and 235,000 tpa @ 65% iron in concentrate.

Mt Garnet has a total tin resource of 12.05mt @ 0.4% tin (0.58% tin equivalent with iron and fluorine by-products), including 1.2mt @ 0.86% tin in the measured category at the Gillian deposit.

The initial tin production target is expected to be reduced from 1 mtpa to about 300,000 tpa (2,000 tpa tin in concentrate) in a bid to lower the initial capex estimate for the project.

Snow Peak acquired the Mt Garnet base metals projects from Kagara Ltd in 2012 after the latter went into administration. Since the restart of operations in November 2013, more than 450,000t of copper and polymetallic ore

has been extracted and more than 380,000t of zinc, lead and copper concentrates with silver co-products have been processed.

Banning said the various base metals markets had been kind to his company in recent times despite fluctuating commodity prices over the past two years in particular.

"A lot of analysts are talking some pretty high numbers over this next year for zinc and we're pretty excited about that because right now we're making money on our zinc production," Banning said.

"Everything else is going to be upside for us. Even silver is starting to come back and show a bit of life."

As for where the tin market might be headed, Banning said he would keep a close eye on production out of Myanmar to see if speciality metal prices would lift to the \$US24,000/t level assumed in the PFS.

The company's stocks were trading at 4.1c/share at the time of print with the LME tin price sliding to \$US14,500/t.

Other assets acquired by Consolidated Tin include the Maitland and Einasleigh projects, the Baal Gammon mineral rights agreement and all associated mining tenements and information.

Consolidated Tin will issue 580 million fully paid ordinary shares and a \$16.5 million convertible note to Snow Peak as well as some predetermined milestone payments to finalise the transaction.

– Michael Washbourne