

31 January 2014

## DECEMBER 2013 QUARTER ACTIVITIES & CASHFLOW REPORT

ASX RELEASE

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



### Registered Office:

395 Lake Street,  
Cairns North, QLD, 4870  
Ph: (07) 4032 3319

### Snapshot:

ASX: **CSD**

Current CSD Share Price: **\$0.08**

Current LME Tin Price: **\$22,140**

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

## DECEMBER QUARTER ACTIVITIES & CASHFLOW REPORT

### DECEMBER 2013 QUARTER HIGHLIGHTS

#### ➤ **MOU TO ACQUIRE MT GARNET PROCESSING PLANT**

- Finalised agreement to acquire Mt Garnet processing plant from Snow Peak Mining Pty Ltd (SPM)
- Acquisition a key strategic milestone in the Company's plans to transition to production and revenue generating

#### ➤ **SNOW PEAK COMMENCED MINING ON COPPER PROJECTS**

- SPM commenced mining activities at the Surveyor and Baal Gammon projects
- CSD has a 9.8% free-carried interest in SPM, and is the manager of the SPM projects

#### ➤ **FIRST ASSAY RESULTS FROM DRILL PROGRAM AT GILLIAN DEPOSIT AT MT GARNET TIN PROJECT**

- 4,240m drill program across 90 RC holes completed at the Gillian deposit
- Results received from first 58 holes; drilling ongoing with diamond drilling currently underway
- Positive results provide further confirmation of consistent high grade mineralisation at Gillian
- Results to be included in a JORC Resource upgrade to form part of the Gillian Deposit DFS

#### ➤ **ADDITIONAL CAPITAL RAISED**

- Company's major shareholder Snow Peak International Investments exercised all 27.3M unlisted options issued as part of Heads of Agreement entered into in 2012
- The option exercise raised a total of \$1.9M to complete final phase of drilling at Gillian and other DFS work

#### ➤ **CORPORATE**

- Priority Entitlement Offer to Options holders (which expired 31 December 2013) announced

#### ➤ **UPCOMING ACTIVITIES**

- Definitive Feasibility Study at Mt Garnet Project ongoing
- Test work and design for proposed tin recovery circuit to continue
- Finalisation of sale agreement for acquisition of Mt Garnet concentrator
- Recommencement of production at Snow Peak Mining's Mt Garnet concentrator
- Continue and finalise discussions with offshore partner for fuming treatment

### MOU TO ACQUIRE MT GARNET PROCESSING PLANT

On 9 November 2013, the Company announced it had signed a Memorandum of Understanding (MOU) with Snow Peak Mining Pty Ltd (SPM) to acquire Snow Peak's Mt Garnet processing plant. This was the highlight of the quarter and provides a clear pathway for the Company to move closer to developing its Mt Garnet Tin Project.

SPM is majority owned by Consolidated Tin's major shareholder, Snow Peak International Investments (SPII). SPM acquired the Mt Garnet processing plant and a package of base metals projects from the administrators of Karara Ltd in January 2013.

Under the MOU, the Company will acquire the Mt Garnet processing plant and the mining tenements directly associated with the processing plant. The Surveyor/Balcooma, Einasleigh, Maitland and Baal Gammon projects will remain with SPM. The acquisition cost includes the cost of the replacement of environmental bonds.

CSD will issue 285 million fully paid ordinary Consolidated Tin shares (Consideration shares) as consideration for the acquisition. SPM has agreed to conduct an in specie distribution of the Consideration Shares to its shareholders (other than the Company which holds 9.8% of SPM). SPM's shareholders have further agreed to a voluntary escrow period of 2 years in respect of all the Consideration shares distributed.

The Company will also issue 30 million fully paid ordinary Consolidated Tin shares to SPII as repayment of a \$3M advance payment made to Consolidated Tin (as per the Heads of Agreement, announced 3 May 2012) (SPII Shares)). SPII has also agreed to the same voluntary escrow period in respect of the SPII shares for a period of 2 years. The Company will also have a right of first refusal to buy-back the Consideration Shares and the SPII Shares in the event the holder wishes to dispose of them.

Completion of the transaction is subject to various conditions including the following:

- a) The shareholders of the Company approving the transaction. A notice of meeting will be sent to shareholders in due course which will contain an Independent Experts Report that will report on the fairness and reasonableness of the transaction;
- b) the Company and SPM completing due diligence investigations to their satisfaction;
- c) security holders releasing the various SPM assets; and
- d) the parties agreeing a toll treatment agreement and a management agreement.

The Company is delighted to have finalised this MOU to acquire the processing plant located at Mt Garnet. Production is expected to initially come from the base metals projects still owned by SPM, and eventually from Consolidated Tin's core project, the Mt Garnet Tin Project, which is currently planned to commence production by the end of 2014.

### RECOMMENCEMENT OF MINING AT SNOW PEAK'S CENTRAL REGION PROJECTS

Also during the quarter (ASX announcement, 31 October 2013), the Company announced that SPM had recommenced mining activities at the Surveyor Project with mining preparation underway at the Baal Gammon project.

Consolidated Tin has a 9.8% free-carried interest in SPM, and is the manager of the SPM projects (on a reimbursable basis). Consolidated Tin Managing Director and Chairman Ralph De Lacey is also Managing Director of SPM.

The concentrator at Mt Garnet will operate in its current configuration to process ore from the above mine sites, as it currently has both copper and poly-metallic circuits, with each circuit having processing capacity of approximately 500,000tpa.

Due to Consolidated Tin's free-carried interest in SPM, it will receive a percentage of any profit made from SPM's operations.

### FIRST ASSAY RESULTS FROM DRILL PROGRAM AT GILLIAN

On 16<sup>th</sup> October 2013, the Company commenced its latest drill program at the Gillian deposit within the Mt Garnet project area.

The program was an in-fill program, consisting of approximately 6,000m RC and 1,000m HQ diamond drilling, and was designed to deliver an upgrade of the existing JORC resource, plus a representative run-of-mine ore body sample for final flotation and fuming pilot testwork optimisation.

It was also designed to gain further geotechnical data to improve mine design economics. All results will contribute to the Definitive Feasibility Study (DFS) which is scheduled for completion late March 2014.

On 17<sup>th</sup> December 2013, the Company reported the first assay results from this drill program. Additional mineralisation was identified along the periphery of the Gillian deposit and also within the previously untested granite bridge separating the two main deposits at Gillian. This confirmed the continuity of mineralisation between the Gillian northeast and southwest areas.

The company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and the form and context of the announcement has not been materially modified.

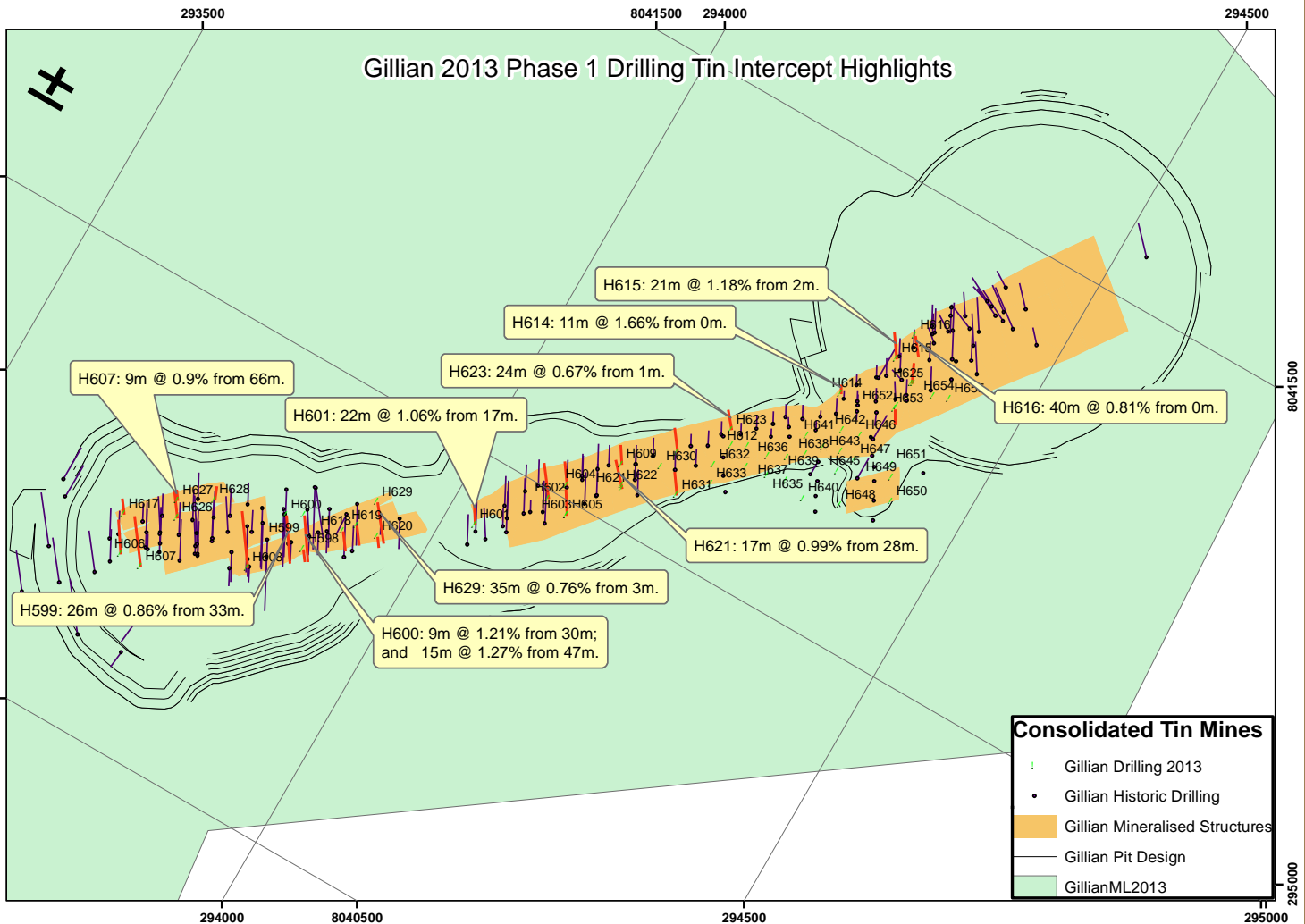
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**Table 1: Highlight intersection results (0.2% cut off)**

H598	0 metres downhole	8m	@ 1.20% Sn
H599	33 metres downhole	26m	@ 0.86% Sn
H600	30 metres downhole	9m	@ 1.21% Sn
H600	47 metres downhole	15m	@ 1.27% Sn
H601	17 metres downhole	22m	@ 1.06% Sn
H602	27 metres downhole	10m	@ 1.06% Sn
H603	59 metres downhole	8m	@ 0.77% Sn
H607	66 metres downhole	9m	@ 0.90% Sn
H609	14 metres downhole	13m	@ 1.29% Sn
H610	15 metres downhole	15m	@ 0.88% Sn
H614	0 metres downhole	11m	@ 1.66% Sn
H615	2 metres downhole	21m	@ 1.18% Sn
H616	0 metres downhole	40m	@ 0.81% Sn
H620	0 metres downhole	12m	@ 0.90% Sn
H621	28 metres downhole	17m	@ 0.99% Sn
H621	52 metres downhole	7m	@ 0.58% Sn
H623	1 metres downhole	24m	@ 0.67% Sn
H629	3 metres downhole	35m	@ 0.76% Sn

**Figure 1: Gillian Significant intersection**



### ADDITIONAL CAPITAL RAISED

On 3<sup>rd</sup> May 2012, the Company advised that it had entered into a Heads of Agreement with SPII, under which SPII agreed to advance AU\$3M to Consolidated Tin in order to progress the PFS at Mt Garnet. As part of the agreement, SPII was granted 27.3 million options which could be converted to fully paid shares by the payment of \$0.07 per option, on or before 31<sup>st</sup> December 2013.

On 22<sup>nd</sup> October 2013, the Company was delighted to announce that SPII had agreed to exercise these options progressively before the expiry date of 31 December, raising a total of \$1.9M in working capital. The funds raised will be used to complete the final phase of drilling at the Gillian Deposit and other ongoing DFS requirements including environmental and socio-economic studies, as well as pilot scale metallurgical testwork, mine design and scheduling optimisation. The options were exercised on 30 December 2013.

### CORPORATE

#### 1 SECURITY HOLDERS

Total ordinary shares on issue 250,614,381

##### Top 5 Shareholders at 31 December 2013

SHAREHOLDER	% OF ISSUED CAPITAL
SNOW PEAK INTNL INV LTD	25.42
DE LACEY RALPH + RYAN M	6.48
BEACON MINERALS LTD	5.88
GEOCRYSTAL LTD	4.34
JOHN SAINSBURY CONS P	3.10

#### 2 CASH RESERVES

The Company had \$ 1,120,108 in cash reserves at the end of the December quarter.

#### 3 PRIORITY OFFER TO OPTION HOLDERS

On 20<sup>th</sup> December 2013, the Company advised that it would undertake a Priority Entitlement Offer to holders of listed Options (CSDO) which were due to expire on 31 December 2013.

Under the terms of the Offer, each eligible Option holder will have the right to subscribe for one option (Priority Offer Option) for every one CSDO option held at close of business on the record date, of 31 December 2013. The new options will have a price of \$0.005 cents per option, be exercisable at 20 cents each and will expire on 31 December 2014.

The Offer will be made pursuant to a prospectus to be lodged with the Australian Securities and Investments Commission, and the Company intends to hold a General Meeting of Shareholders in Q1 2014 at which it will seek Shareholder approval to grant the Priority Offer Option.

#### 4 EXPIRY OF OPTIONS

On 31 December 2013, 61,674,990 listed options (CSDO) and 2,700,000 unlisted options exercisable at 20 cents each expired unexercised.

### CURRENT & UPCOMING ACTIVITIES

The Company is currently focused on work programs required to complete definitive studies on the Gillian deposit, at Mt Garnet, and to optimize the mine design. This work is ongoing and will be a priority in Q1, 2014.

Test work and design for its proposed rotary kiln will continue, with a 15t sample of core and RC samples from drilling at various locations within the Gillian deposit sent to ALS Ammtec laboratory in Perth for reverse silica flotation testwork. This commenced in November 2013. This is the final preparation for the pilot scale reduction roasting trials which will commence in Q1 2014 at the ANSAC facility at Bunbury, in Western Australia.

Consolidated Tin is continuing with advanced stage discussions with a Chinese company on an agreement to establish the Reduction Roasting equipment at their facility in China. The plan is to export the Mt Garnet iron ore product with contained tin to this facility, with CSD being paid free on board (FOB) for this product. The Chinese company will operate as a Toll Treatment facility and will manage and operate the facility with CSD providing technical support. Once an agreement is in place, the market will be informed.

First production for the Mt Garnet Tin Project is targeted for late 2014 and the Company remains on schedule with work programs required to meet this objective.

Consolidated Tin and SPM are working to put together a full form agreement for Consolidated Tin to acquire the Mt Garnet processing plant. A General Meeting of Shareholders will be held in the coming quarter to seek approval for this acquisition. The Priority Offer to option holders will be included in this meeting.

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 total resource base.

#### **Competent Persons Statement**

*The information contained in this announcement that relates to Exploration Results is based on information compiled by Michael Hicks (BScHons, MAIG). Michael Hicks is a geologist of 20 years' experience and has sufficient experience which is relevant to the type of mineralisation under consideration, and to the exploration activities being undertaken, to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results - JORC Code, 2012 Edition. Michael Hicks is a full time employee of Consolidated Tin Mines Limited and has consented to the inclusion of this information in the form and context in which it appears*

## DECEMBER 2013 QUARTER ACTIVITIES & CASHFLOW REPORT

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**Table 2: Schedule of Tenements**

Registered Holder	Tenement No.	Tenement Name	Interest at beginning of Qtr	Interest at end of Qtr	Status
Consolidated Tin Mines	MDL 38	Gillian	100%	100%	Granted
	MDL 381	Windermere	100%	100%	Granted
	MDL 448	Herberton Deep Lead	100%	100%	Granted
	MDLA 482	Jeannie River	100%	100%	Application
	EPM 14185	Mt Garnet	100%	100%	Granted
	EPM 14580	Jeannie River	100%	100%	Granted
	EPM 15611	Lynd River	100%	100%	Granted
	EPM 17073	Mt Garnet Extended	100%	100%	Granted
	EPM 17547	Tate River Extended	100%	100%	Granted
	EPM 17548	Petford East	100%	100%	Granted
	EPM 17550	Herberton Extended	100%	100%	Granted
	EPM 17551	Smiths Creek	100%	100%	Granted
	EPM 17623	Mt Garnet West	100%	100%	Granted
	EPM 17753	Mt Garnet Nth West	100%	100%	Granted
	EPM 17875	Lynd River Extended	100%	100%	Granted
	EPM 17917	Smith's Creek Extended	100%	100%	Granted
	EPM 18000	Mt Garnet East	100%	100%	Granted
	EPM 18118	Bolwarra	100%	100%	Granted
	EPM 18321	Mt Garnet South	100%	100%	Granted
	EPM 18795	Gillian	100%	100%	Granted
	EPMA 19100	Stannary Hills Regional	100%	100%	Application
	EPMA 19105	JimBilly North	100%	100%	Application
	EPMA 19204	Nettle Creek South	100%	100%	Application
	EPM 19323	Kangaroo Creek	100%	100%	Granted
	EPM 19468	Jeannie River Extended	100%	100%	Granted
	EPMA 19603	Dinner Creek	100%	100%	Application
	EPMA 25212	Bolwarra Extended	100%	100%	Application
	EPMA 25386	Spring Creek	100%	100%	Application
	EPMA 25427	Nettle Creek	0%	100%	Application
	EPMA 25428	Reedy Creek	0%	100%	Application
	MLA 20583	Mid Battle Creek	100%	100%	Application
	MLA 20584	Nettle Creek Extended	100%	100%	Application
	MLA 20585	Upper Battle Creek	100%	100%	Application
MLA 20626	Gillian	100%	100%	Application	
MLA 20653	Central Mill	100%	100%	Application	
MLA 20693	Pinnacles	100%	100%	Application	
MLA 20694	Windermere	100%	100%	Application	



**Table 2: Schedule of Tenements cont.**

Registered Holder	Tenement No.	Tenement Name	Interest at beginning of Qtr	Interest at end of Qtr	Status
CTM Alluvial Pty Ltd	ML 4069	Nettle Creek	100%	100%	Granted
	ML 4073	Nettle Creek	100%	100%	Granted
	ML 4074	Nettle Creek	100%	100%	Granted
	MLA 20544	Return Creek	100%	100%	Application
	MLA 20721	Kangaroo Creek	100%	100%	Application
	MLA 20722	Martins Terrace	100%	100%	Application
	MLA 20723	Martins Hill	100%	100%	Application

# 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")

31 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 mths) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,068)	(1,819)
(b) development	-	-
(c) production	-	-
(d) administration	(499)	(700)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	3
1.5 Interest and other costs of finance paid	-	(11)
1.6 Income taxes paid	-	-
1.7 Other – R&D refund	382	382
<b>Net Operating Cash Flows</b>	<b>(1,183)</b>	<b>(2,145)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	(1)	(7)
(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>(1)</b>	<b>(7)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,184)</b>	<b>(2,152)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,184)	(2,152)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,911	3,576
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(550)
1.18	Dividends paid	-	-
1.19	Other (Share Issue Costs)	(7)	(45)
	<b>Net financing cash flows</b>	<b>1,904</b>	<b>2,981</b>
	<b>Net increase (decrease) in cash held</b>	<b>720</b>	<b>829</b>
1.20	Cash at beginning of quarter/year to date	400	291
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,120</b>	<b>1,120</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	142
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- \$129,515.</li> <li>ii. Office rent and motor vehicle expenses paid to NQ Mining Enterprise Pty Ltd an entity owned by Mr Ralph De Lacey - \$12,939.</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>

**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.	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,074	354
5.2 Deposits at call	46	46
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,120</b>	<b>400</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			
6.2	Interests in mining tenements acquired or increased	EPMA 25427 EPMA 25428	0% 0%	100% 100%

+ 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>	250,614,381	250,614,381		
7.4 Changes during quarter				
(a) Increases through issues	27,300,000	27,300,000		
(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>			Exercise price	Expiry date
	2,200,000	-	30 cents	31/12/2014
	2,200,000	-	40 cents	31/12/2015
7.8 Issued during quarter	2,200,000	-	20 cents	31/12/2013
	2,200,000	-	30 cents	31/12/2014
	2,200,000	-	40 cents	31/12/2015
7.9 Exercised during quarter	27,300,000	-	7 cents	31/12/2013
7.10 Expired during quarter	61,674,990	61,674,990	20 cents	31/12/2013
	2,200,000	-	20 cents	31/12/2013
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 January 2014

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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