

Elementos puts faith in Tasmanian tin

Tin prices have rebounded strongly since mid-2013 and the continued rise could fit nicely with Elementos Ltd's plans in Tasmania.

Tin was tipped as a commodity to watch in 2014 and early indications are that the experts are on the money.

After hovering at \$US25,000/t 12 months ago tin slumped steeply to about \$US19,000/t mid-year. At the time of print the metal was trading at \$US22,000/t.

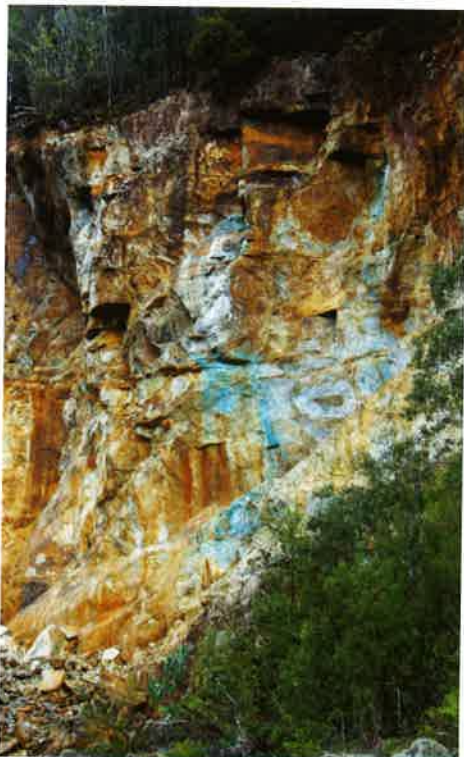
With a PFS at the Cleveland tin mine scheduled for completion in quarter two, Elementos managing director Calvin Treacy hoped better days were ahead for the tin market.

"Consciously we picked tin as the space we wanted to be in a few years ago and the latest reduction in the Aussie dollar and the solid growth in tin has us bullish," Treacy said.

"We think tin will continue to rise in the next two to three years – 5-10% per annum would be nice – and one of our key strategies is to take advantage of that increase and deliver a project."

PFS work started at Cleveland, north-west Tasmania, in November, and is being prepared by MiningOne Consultants and pitt&sherry.

Between the 1960s and 1980s Aberfoyle Ltd mined 5.65mt @ 0.68% tin and 0.28% copper for 23,519t tin and 9,691t copper in concentrates.



The timing of Elementos' Cleveland PFS could not be better, with tin prices performing strongly



North-west Tasmania could be a significant hub for global tin supply

With proven underground mining and 20 years' worth of metallurgical data from historical operations available, Elementos added another 2,040 diamond drill holes for 130,000m of drilling to its technical set before starting the PFS.

An indicated and inferred resource estimate of 6.1mt @ 0.68% tin and 0.25% copper for 42,000t tin (47,000t @ 0.77% tin equivalent) is what the Cleveland PFS is based on.

Upgrading the resource is on the agenda, however Elementos has prioritised production and cash flow generation.

"We are focused as a developer as opposed to an explorer and we can expand the resource once we are in production. That is what differentiates us from Stellar [Resources Ltd] and Venture [Minerals Ltd]; they are spending money on resource development. The biggest problem with growing a resource is that the capitalisation of the project gets bigger and bigger," Treacy said.

He added there was an opportunity to reprocess part of the tailings resource while re-establishing the mine.

The company raised \$1.68 million late last year to carry out related work, including the environmental permit process for mine dewatering and tailings retreatment and completing a PFS on the Cleveland underground.

The PFS will assess a potential standalone underground mine and processing facility or an integrated facility at Cleveland.

"We're on track and want to get something out to the market. We're trying to be innovative and see how we can get early cash flow and see what needs to be done to reprocess the tailings," Treacy said.

Despite work progressing according to plan and tin prices justifying a quick graduation to operations, Elementos has not set a definitive production date.

When the company decides on project go-ahead it has infrastructure options available for consideration.

Cleveland, close to Burnie Port, is in a mature mining area that hosts the likes of Renison Bell and Mt Bischoff.

"We see the real benefits of being one hour from Burnie, which does give us an advantage location wise," Treacy said.

"We're not in the middle of the desert and we have good access to a workforce. We don't have FIFO issues and I think the real challenge is getting the consultants to quantify the value of that in a PFS. The industry is moving into a low-cost environment therefore having access to a workforce that can stay at home and the proximity to an industrial area is an advantage for us."

In addition to the Cleveland mine, Treacy identified Venture's Mt Lindsay tin-tungsten and Riley and Livingstone hematite DSO projects, Stellar's Heemskirk tin project and the Renison tin JV as potential game-changing plays in Tasmania.

"I think between Stellar, Venture, Renison and Cleveland there is an opportunity for Tasmania and tin to re-establish itself. The north-west corner could be a material supplier of tin in the global space," he said.

However, Treacy is aware of how difficult it is to make the transition from explorer to producer. Therefore Cleveland will consume most of the company's energy this year.

"There has to be an opportunity for us in a high-value commodity with minimal impact [on the environment] but there hasn't been a good track record of explorers going into production. We want to be one of the first juniors to do so and 99% of our focus will be on Tasmania."

– Mark Andrews