



Reviving Cleveland

BARRY FITZGERALD



For a stock trading yesterday at all of 0.7c a share for a market capitalisation of \$5.4m, **Elementos (ELT)** has a lot on the go with its low-capital-expenditure plan to become a Tasmanian tin producer in quick fashion.

Despite flying under the radar as its market cap suggests, Elementos has worked up its redevelopment plans for the old Cleveland tin-copper mine near Luina in northwest Tassie to a point where it can get serious with potential offtake customers on helping out with financing.

Operated by the long-gone Aberfoyle between 1968 and 1986, Cleveland has a production history of treating 5.7 million tonnes of ore from underground operations, which yielded 24,000 tonnes of tin and 10,000 tonnes of copper. There is also a tungsten resource sitting off to the side that is part of Elementos' plans.

The plans involve a staged development. The idea is that cash flow from the \$21m first stage, in which high-grade tailings are to be recovered and processed, will fund the stage-two development of an open cut, which in turn funds the stage-three redevelopment of the underground.

Across the three, the resource base is good for 12 years, with plenty of good reasons to think exploration in the underground mine will yield more over time. There is more work to do (apart from arranging the \$21m start-up cost), but the plan is to get in to production from tailings retreatment in 2017.

The tailings retreatment project is said to be good for

\$55m in pre-tax cashflow, and the open-cut another \$21m, with the estimates for the underground to be released soon. The figures are based on tin prices higher than now (\$US15,145 a tonne).

But there is plenty of independent analysis pointing to tin getting back to more than \$US20,000 a tonne before too long, as China's main producing province is running low on reserves, and the reality that the recent upstart in the production stakes, Myanmar, has mined the easy stuff and it gets harder from here hits home.

Cheering on Elementos is 21 per cent shareholder Andrew Greig, recently retired former managing director of Bechtel, the US engineering group building the three Queensland LNG projects at an all-up cost of \$60 billion.

Is there any need to say his expertise in building things could provide helpful to Elementos with its \$21m project?