



# New Elementos CEO rattles the tin

If Joe David was looking to ease himself into his new role as chief executive of tin developer Elementos Ltd, he was in for a rude shock by the end of his first week in the hot seat.

David officially started his new job on April 13 and just seven days later he was closing an oversubscribed placement for \$6.1 million to complete ongoing drilling and a feasibility study on the company's Oropesa tin project in Spain.

Speaking to **Paydirt** at the end of his first month at Elementos, David praised the company's board for laying the foundations for the capital raising in the lead-up to his arrival.

"The board had a very robust strategy in terms of bringing on a full-time CEO at a time when there were the financial resources for that CEO to do what they needed to do to mature the company's projects," he said.

"My first day was a Tuesday and we closed the capital raise the following Monday, so I got the joy of quite a busy first week, but that's how these jobs go and I'm enjoying the challenge. The board certainly wouldn't have brought me on to plan the critical workstreams we need to complete unless they had done all the groundwork to get that capital raise completed successfully.

"The placement was substantially oversubscribed, which I believe demonstrates both the strength of the tin market right now as well as the market's strong interest in the two projects we're currently developing."

David joins Elementos after four years running his own project consultancy company. Prior to that he was providing consulting services to a wide range of development projects for the likes of Flinders Mines Ltd, BBI Group and Salt Lake Potash Ltd.

With experience in both project delivery and corporate finance, David has been tasked with progressing Oropesa towards the BFS phase, as well as undertaking a review of the various development options on the table for the Cleveland tin project in Tasmania.

"The fact these two projects are at their

respective critical development junctures is what really attracted me to the company," David said.

"I haven't been a tin or hard rock guy, I've done most of my time in bulks – starting in coal and in the last 10 years mostly in iron ore and iron ore infrastructure – but tin is a compelling story right now, you can't avoid the importance of it.

"Obviously I'm studying the tin market day and night and skilling up on my knowledge of the supply and demand fundamentals. Without digging too deep into the



Joe David

tin market drivers, you can see people are now clearly realising the gross undersupply of this critical metal and the strong support for future supply."

At the time of print, LME tin prices were trading at 10-year highs of more than \$US34,000/t on the back of supply disruption and strong demand driven by global economic stimulus.

Only a year ago the LME tin price was \$US13,500/t.

David said the institutional and sophisticated investors who supported the recent capital raising had recognised Elementos as being one of the few pure tin players in the marketplace.

"Investors seemed pretty happy to get on to our tin train because we've got growth exposure in two directions, with not only the tin price but value accretion as our projects move through development and into operation," he said.

"A number of the other pure tin players

in the market are still in the early exploration stage, so I think we really have found a niche that people can ride on both those fronts."

An economic study completed a year ago found the Oropesa project – in Spain's Andalucía region – could be developed into a low-cost mining operation producing 2,240 tpa tin-in-concentrate over a 14-year mine life. Capex is estimated at \$US52.2 million, including 20% contingency.

Oropesa is forecast to generate annual gross revenue of more than \$US48 million against an estimated operating cost of \$US28 million per year, or cash cost of \$US11,800/t.

Other key financial estimates from the economic study were a pre-tax NPV of \$US94 million, IRR of 25.8% and payback period of about four years, based on a tin price of \$US19,750/t.

"It was an exciting project to evaluate when I was going for this role and it's probably only more exciting now as I've stepped into the role and into the detail," David said.

"It's open-cut, in what we believe is a good mining jurisdiction and it has room for growth. The economic study was done at a much lower tin price than we're currently looking at...so purely from an economic point

of view it has the ability to be potentially a lot more profitable than we've previously been able to inform the market with."

Last month the company was more than 70% into a 48-hole drilling programme at Oropesa with plans to re-estimate the existing resource of 9.34mt @ 0.55% tin for 50,910t as soon as possible thereafter.

A four or five-hole drill campaign is also likely to begin at Cleveland in the next quarter as the Elementos team seek to identify further mineralisation along strike at the Tasmanian project.

"Here we've got a decent looking tailings resource, we've got a likely open pit resource and an underground resource," David said. "It's probably going to take a combination of a least two of those three resources to feed a single development story."

– Michael Washbourne