

Recommendation

BUY, High Risk

Price

6.4c

Valuation

20c

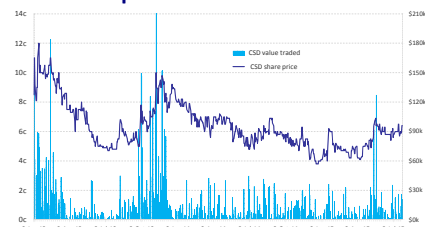
Products : Base metals, Tin

- **CSD has been operating Mt Garnet base metals operations since November 2013 and moved to full ownership in January 2015. Beer & Co estimate total site costs of \$85/t.**
- **CSD has over 50kt of tin in 13Mt of Resources. CSD published a PFS in Sept. 2013; In March 2015, CSD announced it would be, initially, a 300kt/yr project.**
- **Beer & Co expect CSD to produce 1,500t/yr of tin from mid 2016, at an all in cash cost of US\$9.60/lb, though lower in the early years, and capital costs of under \$40m.**
- **In addition, CSD has about 400kt of zinc, 200kt of copper, 150kt lead and 15Moz of silver in resources.**

Snapshot

Market Cap	\$57m
Shares on Issue	889.8m
Includes issue of share approved by EGM in January 2015, but not yet issued	
Cash on hand (31 March 2015)	\$2.8m
52 Week High	7.5c
52 Week Low	3.7c
1 month / 6 month VWAP	6.1c / 5.6c

CSD Share price v. volume



Consolidated Tin Mines listed in 2008 with the Mt Garnet tin project. In 2013, CSD's major shareholder, Snow Peak, acquired the Mt Garnet base metals operations for \$40m.

CSD has brought Mt Garnet back into operation and in January 2015, CSD shareholders approved the acquisition of these operations from Snow Peak in return for CSD equity.

CSD is now a base metals producer with a tin project that should come into production in late 2016.

Author : Pieter Bruinstroop
pbruinstroop@beerandco.com.au

Mt Garnet polymetallic operations

Since re-starting operations, CSD has managed the mining of over 530kt of ore, processing nearly 450kt and shipped nearly 80kt of concentrate. The operations have two 500kt/yr processing lines, one for copper ores and one for zinc-lead-copper ores.

Mt Garnet tin

CSD completed a PFS in September 2013. The concept is being refined to use the Mt Garnet copper processing line initially at a rate of 300kt/yr, with plans to subsequently increase production.

Einasleigh base metals

CSD has over 25Mt of Resources in the Einasleigh area. Beer & Co expect CSD to develop a 1Mt/yr operation focussed on high grade material.

Beer & Co expects 2 years of feasibility work, to begin production in 2019. We expect total capital cost of \$150m and all-in cash costs of \$89/t, for total cash costs of US 20c/lb of zinc, due to significant by-product credits from copper.

Exploration Potential

CSD has a joint venture with Wanguo to explore in its tenement areas, giving CSD upside to exploration success, without the risk of exploration expenditure. Wanguo is currently on the ground conducting IP and drilling activities.

Beer & Co's risked base case valuation is 20c/share

In our base case, CSD does not need to raise any further equity.

Using spot prices our valuation is 1.5c due to the currently low tin prices; without this project, our valuation is 4.2c using spot prices.

Beer & Co initiates research on CSD with a BUY, High Risk, rating.

We have BUY as our risked valuation is more than 3x the share prices. We have a High Risk rating as our valuation depends on higher commodity prices than current, and capital and operating cost estimates have been made by Beer & Co, even though informed by CSD's reported March quarter costs and PFS results.

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Consolidated Tin Mines

CSD – A base metals producer

Consolidated Tin is currently producing zinc, lead and copper in separate concentrates

In May 2010, CSD announced that following positive results from its scoping study, it was raising funds to complete a pre-feasibility study.

In September 2011, CSD announced that Snow Peak international Limited (SPIL) became a corner-stone investor, and in December 2012, CSD announced that SPIL had purchased Kagara’s (KZL.ASX) central operations for \$40m. A subsidiary of SPIL, Snow Peak Mining (SPM), in which CSD had a free carried stake of about 10%, was the manager of the asset.

In January 2015, an EGM of CSD shareholders approved the acquisition of these assets from SPM in exchange for 610m shares in CSD, making CSD a base metals producer.

Figure 1 shows CSD’s reported production. It does not include production during 2014 when CSD managed the assets on behalf of SPM.

Figure 1 : CSD base metal production

	Ore Mined		Ore Processed	Concentrate Trucked to port		
	Balcooma	Mt Garnet		Copper	Zinc	Lead
Mar. Qtr 2015	95,633 t		131,220 t	4,596 t	17,309 t	4,210 t
April 2015	33,000 t		40,200 t	1,025 t	4,636 t	1,061 t
May 2015		37,000 t	37,000 t	1,047 t	4,589 t	1,440 t
June 2015	26,815 t	6,160 t	43,988 t	1,051 t	5,789 t	1,245 t

Source : CSD ASX announcements (29 April, 11 May, 19 June and 16 July 2015), Beer & Co

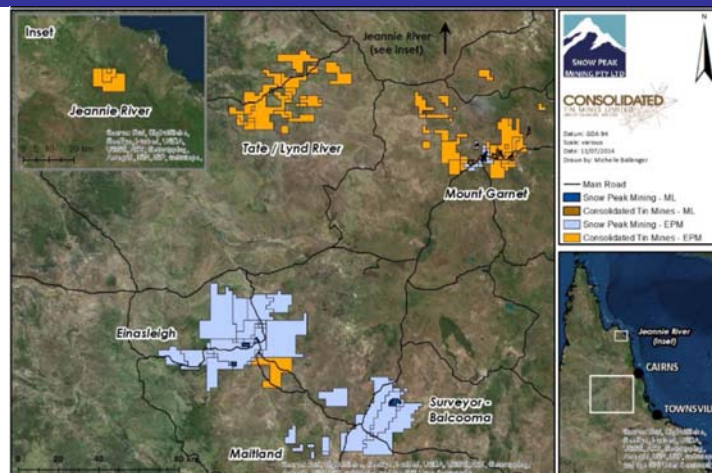
CSD is focussed in Far North Queensland, and has 2 base metals mines plus a processing plant, as well as significant extra mineralisation and exploration potential.

CSD’s assets

Figure 2 shows CSD’s assets, which include :

- A base metal mine, with granted Mining Lease, at Mt Garnet
- A processing plant at Mt Garnet, with a 500kt/yr copper circuit and a 500kt/yr polymetallic circuit;
- A base metals mine at Surveyor and Mining Licence and Einasleigh; and
- Extensive areas under Exploration Permit.

Figure 2 : CSD’s asset base



Source : CSD presentation, July 2014

Under CSD management, the base metals operations produced first concentrate in March 2014

CSD has more than 12 months of base metals resource at Mt Garnet

and is able to access a further 18 months or so of high grade ore from Baal Gammon

In addition, CSD has an executed agreement with Monto Minerals (MOO.ASX) to mine and process ore from MOO's Baal Gammon, in exchange for a royalty.

Mt Garnet base metals

As shown in Figure 1, CSD is currently producing base metal concentrates. Most of the ore is sourced from Surveyor, which Figure 2 shows is about 160km from the Mt Garnet mill, with the balance from Mt Garnet.

Figure 3 shows the FY15 mine plan given by CSD in their November 2014 presentation. Note it separates Surveyor polymetallic ore and Surveyor copper ore

Figure 3 : CSD mine plan for FY 15

		Grades				Contained Metal			
		zinc	lead	copper	silver	zinc	lead	copper	silver
Surveyor	340kt	7.0 %	3.0 %	1.0 %	45 g/t	23,800 t	10,200 t	3,400 t	492 koz
Mt Garnet	80kt	9.6 %		0.3 %	21 g/t	7,680 t	0 t	240 t	54 koz
Surveyor	25kt			3.0 %	30 g/t	0 t	0 t	750 t	24 koz
TOTAL	445kt					31,480 t	10,200 t	4,390 t	570 koz

Source : CSD presentation, November 2014

The December 2014 Independent Expert's Report gives a Resources estimate for Mt Garnet as shown in Figure 4, while Figure 5 shows the resources remaining after

FY15 production has been taken out.

Baal Gammon is about 85km east – north-east of Mt Garnet.

Figure 6 shows the Resources available to CSD from Baal Gammon.

In Beer & Co's view, the average grade is not sufficient for CSD to profitably exploit.

Figure 7 shows a high grade resource, reported by MOO, which Beer & Co estimates is economic for CSD, given the transport cost plus the royalty charge.

Figure 4 : Mt Garnet Resources

		zinc	lead	copper	silver
Measured	115kt	9.6 %	0.1 %	0.3 %	0 g/t
Indicated	537kt	5.2 %	0.0 %	0.4 %	14 g/t
Inferred	31kt	6.6 %	0.0 %	0.3 %	46 g/t
TOTAL	683kt	6.0 %	0.0 %	0.4 %	13 g/t

Source :CSD IER December, 2014

Figure 5 : Mt Garnet, after FY15

	zinc	lead	copper	silver
603kt	5.5 %	0.0 %	0.4 %	12 g/t

Source :CSD IER December, 2014, Beer & Co

Figure 6 : Baal Gammon Resources

		copper	silver	Sn	In
Indicated	2,769kt	1.0 %	40 g/t	0.2 %	38 g/t
Inferred	31kt	0.3 %	18 g/t	0.1 %	63 g/t
TOTAL	2,800kt	1.0 %	40 g/t	0.2 %	39 g/t

Source : MOO ASX presentation, March 2014

Figure 7 : Baal Gammon high grade Resources

		copper	silver	Sn	In
Indicated	826kt	2.5 %	96 g/t	0.4 %	96 g/t
Inferred	4kt	2.7 %	94 g/t	0.4 %	146 g/t
TOTAL	829kt	2.5 %	96 g/t	0.4 %	96 g/t

Source : MOO ASX presentation, March 2014

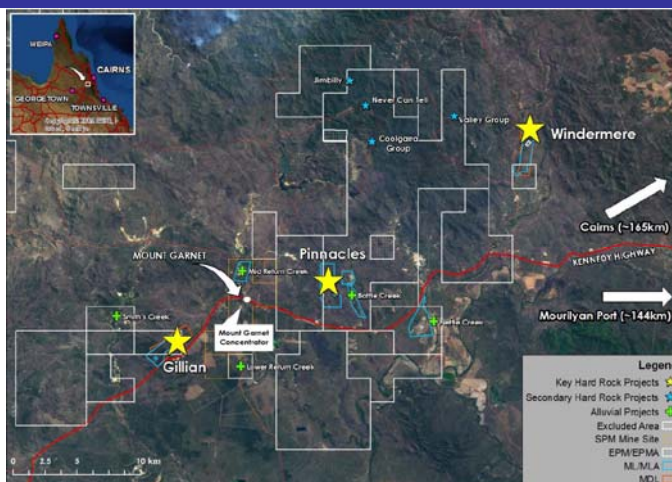
Mt Garnet Tin

CSD listed in February 2008, with the dominant asset being the tin bearing tenements near Mt Garnet, as shown in Figure 8. It shows that there are three separate, but closely located, defined tin resources.

Figure 9 is a summary of the Resources estimate. The fluorine is contained only in the 7Mt Pinnacles resource.

CSD has over 50kt of tin in 13Mt of Resources in 3 deposits surrounding the Mt Garnet base metals processing plant

Figure 8 : CSD’s Mt Garnet tin



Source : CSD Presentation, May 2015

Figure 9 : Mt Garnet Tin Resources

		Grades		Contained Metal		
		Tin	Iron	Tin	Iron	Fluorine
Measured	1,105kt	0.73 %	32.3 %	8,067 t	357kt	0 t
Indicated	8,297kt	0.36 %	21.2 %	29,739 t	1,759kt	342,951 t
Inferred	3,716kt	0.37 %	23.8 %	13,668 t	883kt	65,205 t
TOTAL	13,118kt	0.39 %	22.9 %	51,473 t	3,000kt	408,156 t

Source : CSD ASX announcement, 26 June 2013

CSD published a PFS on their tin project in September 2013

On 30 September, 2013, CSD published the results of their PFS :

- Mine and process 8.4Mt of ore over 9 years, producing 26,495t of tin in concentrate, at an annual average rate of 2,944t;
- \$76m capital expenditure from decision to develop to first product;
- Cash costs of \$92/t of ore, or \$A 13,917/t of tin in concentrate, which compares with the current price of US\$ 14,970/t or \$A 20,600/t.

CSD is currently executing a BFS.

CSD is currently undertaking a Bankable Feasibility Study. Progress has been delayed due to

- SPIL’s acquisition of the processing operations at Mt Garnet from the administrator of KZL; and
- Further metallurgical testwork to optimise the tin fuming operations
 - In their 16 July 2015 ASX announcement, CSD advised that current tests are consistently achieving recovery of over 80% of tin, with suggestions that 90% can be achieved.

CSD announced very encouraging results from metallurgical test-work, with over recovery of tin and objectives of 90%.

CSD expect that the DFS will be completed later in 2015 and that the project should be in production mid 2016.

CSD’s current proposal is to use one the currently idle (copper) 500kt/yr circuit at Mt Garnet to convert to a tin circuit, which would be initially operated at the rate of 300kt/yr

Development Plan

The Mt Garnet plant has 2 circuits of 500kt/yr each. One circuit is currently being fully utilised.

CSD’s plan is to use the second circuit to process tin ores. In their 2 March, 2015, announcement, CSD stated that the processing rate for tin ores is to be initially 300kt/yr, with plans to subsequently increase the production rate.

Figure 2 shows that CSD has significant tenement areas at Surveyor and nearby at Einasleigh areas. Figure 10 shows the copper “resources” and Figure 11 shows the polymetallic “resources”.

Figure 10 : CSD's copper "resources"

				copper	silver	gold	zinc lead	
Balcooma North	Indicated	primary	121kt	2.0 %	6 g/t	0.0 g/t	0.1 %	0.0 %
	Inferred	primary	12kt	2.3 %	11 g/t	0.0 g/t	0.2 %	0.1 %
Maitland	Indicated	oxide + fresh	1,450kt	1.5 %	0 g/t	0.0 g/t	0.0 %	0.0 %
	Inferred	primary	40kt	1.1 %	0 g/t	0.0 g/t	0.0 %	0.0 %
Einasleigh	Indicated	primary	500kt	4.0 %	18 g/t	0.2 g/t	0.0 %	0.0 %
	Inferred	primary	600kt	1.9 %	8 g/t	0.1 g/t	0.0 %	0.0 %
Kaiser Bill	Indicated	oxide + fresh	13,500kt	0.8 %	6 g/t	0.1 g/t	0.0 %	0.0 %
	Inferred	oxide + fresh	1,500kt	0.9 %	11 g/t	0.1 g/t	0.0 %	0.0 %
Sub-Total	Indicated		15,571kt	1.0 %	6 g/t	0.1 g/t		
	Inferred		2,152kt	1.2 %	10 g/t	0.1 g/t		
TOTAL			17,723kt	1.0 %	6 g/t	0.1 g/t		

Source :CSD IER December, 2014

Figure 11 : CSD's polymetallic "resources"

				zinc	lead	copper	silver	gold
Balcooma Lens 2	Indicated	primary	457kt	5.6 %	2.4 %	1.1 %	35 g/t	0.4 g/t
	Inferred	primary	576kt	3.1 %	1.2 %	1.5 %	24 g/t	0.3 g/t
Dry River South	Measured	primary	92kt	9.6 %	3.9 %	1.1 %	76 g/t	0.7 g/t
	Indicated	primary	78kt	7.2 %	2.4 %	1.1 %	68 g/t	0.7 g/t
New Surveyor East	Inferred	primary	560kt	6.4 %	2.3 %	0.9 %	59 g/t	0.6 g/t
	Indicated	oxide	179kt	0.0 %	6.4 %	0.1 %	93 g/t	1.2 g/t
Mt Garnet	Measured	primary	115kt	9.6 %	0.1 %	0.3 %	0 g/t	0.0 g/t
	Indicated	primary	537kt	5.2 %	0.0 %	0.4 %	14 g/t	0.0 g/t
	Inferred	primary	31kt	6.6 %	0.0 %	0.3 %	46 g/t	0.0 g/t
Chloe / Jackson / Stella	Indicated	primary	3,400kt	4.7 %	2.1 %	0.2 %	47 g/t	0.0 g/t
	Inferred	primary	1,300kt	5.1 %	1.8 %	0.2 %	51 g/t	0.0 g/t
Railway Flat	Inferred	primary	900kt	3.4 %	0.9 %	0.2 %	16 g/t	0.0 g/t
Sub-Total	Measured		207kt	9.6 %	1.8 %	0.7 %	34 g/t	0.3 g/t
	Indicated		4,651kt	4.7 %	2.1 %	0.3 %	44 g/t	0.1 g/t
	Inferred		3,367kt	4.5 %	1.5 %	0.5 %	38 g/t	0.2 g/t
TOTAL			8,224kt	4.8 %	1.8 %	0.4 %	41 g/t	0.1 g/t

Source :CSD IER December, 2014

**CSD has over 25Mt
in copper and zinc-
lead resources**

**Beer & Co expects CSD
to**

- **Process 500kt/yr of Mt Garnet polymetallic ores followed by Baal Gammon**
- **Start processing tin ores on the other circuit;**
- **Expand the volume of tin ore processed at Mt Garnet when the base metals ores are exhausted**
- **Develop base metals operations at Einasleigh.**

The data in Figures 10 and 11 were reported as resource estimates by KZL, in accordance with the JORC 2004 requirements. Not all of these estimates have been reviewed to assure compliance with the JORC 2012 requirements.

Figure 10 and 11 show a total of over 25.2Mt, excluding Mt Garnet, in the Balcooma – Surveyor – Einasleigh areas.

Beer & Co expects that, as long as metal prices remain attractive in absolute terms, and that their relative prices are not too different from currently, then

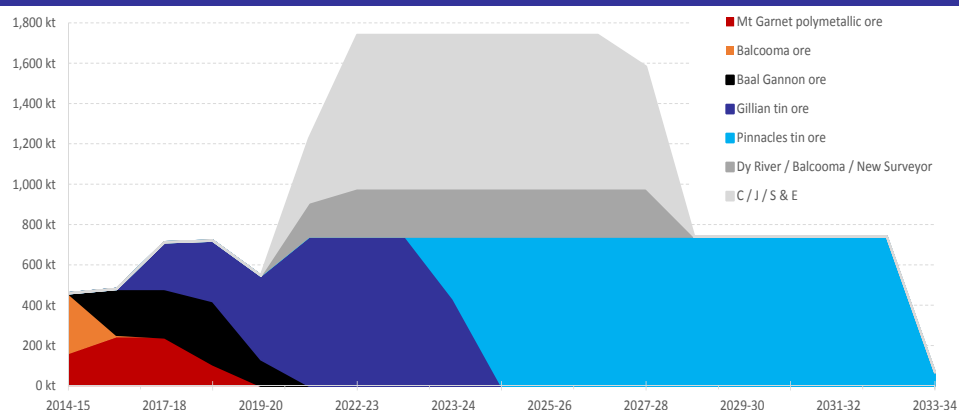
- The tin project will begin mining in mid 2016 using the second circuit at Mt Garnet for processing;
- The current circuit will be fed by Mt Garnet and Surveyor ores and then high grade Baal Gammon ores at the rate of 500kt/yr;
- After the Mt Garnet tin project has been successfully developed, CSD will start the process to develop a plant near Einasleigh to treat Einasleigh (ie. Chloe / Jackson / Stella, Railway Flat, Einasleigh and Kaiser Bill ores), remaining Surveyor (including Dry River South, Balcooma and New Surveyor ores) and Maitland ore, from late 2018.

Beer & Co's analysis suggests that it is not economically optimum to develop separate mills at Einasleigh and Surveyor.

Figure 12 is a graph showing Beer & Co's projections for ore sourcing and processing. It shows that we do not project that all sources will be exploited.

Figure 13 shows Beer & Co's projected production of metal by CSD across its projects.

Figure 12 : Beer & Co projected ore sources for CSD



Source : Beer & Co estimates

Figure 13 : Beer & Co’s projected metal production by CSD

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Zinc in conc	29,582 t	10,613 t	10,613 t	4,700 t	0 t	9,538 t	36,745 t	45,908 t	40,274 t	38,844 t	39,713 t	38,232 t	8,721 t	0 t
Lead in conc	9,910 t	9,527 t	9,527 t	4,220 t	0 t	3,656 t	15,251 t	19,305 t	17,409 t	16,956 t	16,305 t	13,608 t	3,078 t	0 t
Copper in conc	2,809 t	4,862 t	4,791 t	5,704 t	2,266 t	11,493 t	7,898 t	3,307 t	3,932 t	4,608 t	4,608 t	2,988 t	7,873 t	0 t
Silver produced	350 koz	329 koz	337 koz	397 koz	156 koz	277 koz	858 koz	962 koz	830 koz	800 koz	819 koz	803 koz	255 koz	0 koz
Gold produced	0.0 koz	0.0 koz	0.0 koz	0.0 koz	0.0 koz	2.8 koz	3.3 koz	2.8 koz	1.3 koz	1.4 koz	1.4 koz	0.7 koz	0.8 koz	0.0 koz
Tin in conc	0 t	0 t	1,926 t	2,713 t	3,791 t	5,951 t	5,735 t	5,673 t	4,441 t	2,775 t	2,775 t	2,775 t	2,775 t	2,775 t
Iron Ore conc	0 kt	0 kt	79 kt	115 kt	165 kt	238 kt	223 kt	248 kt	224 kt	174 kt	174 kt	174 kt	174 kt	174 kt
Fluorite	0 t	0 t	0 t	0 t	0 t	0 t	0 t	0 t	12,458 t	29,626 t	29,626 t	29,626 t	29,626 t	29,626 t

Source : Beer & Co estimates

Financial Outcomes

Figure 14 shows the commodity prices used by Beer & Co, on a quarterly basis.

Figure 15 shows the financial outcomes of the production in Figure 13 and the prices in Figure 14.

Figure 14 : Commodity projections used by Beer & Co

	Sep. 2015	Dec. 2015	March 2016	June 2016	Sep. 2016	Dec. 2016	March 2017	June 2017	Sep. 2017	Dec. 2017	March 2018	June 2018	Sep. 2018	Dec. 2018	March 2019	June 2019
AUD-USD	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750
Tin	\$ 15,983/t	\$ 17,775/t	\$ 19,000/t	\$ 20,500/t	\$ 22,500/t	\$ 25,000/t	\$ 27,000/t	\$ 28,000/t	\$ 29,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 28,000/t	\$ 26,000/t	\$ 25,000/t	\$ 25,000/t
Copper	\$ 5,500/t	\$ 5,650/t	\$ 5,650/t	\$ 5,700/t	\$ 5,950/t	\$ 6,200/t	\$ 6,450/t	\$ 6,700/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t
Zinc	\$ 2,250/t	\$ 2,450/t	\$ 2,700/t	\$ 2,950/t	\$ 3,200/t	\$ 3,450/t	\$ 3,700/t	\$ 3,950/t	\$ 3,600/t	\$ 3,250/t	\$ 2,900/t	\$ 2,550/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t
Lead	\$ 1,750/t	\$ 1,850/t	\$ 1,950/t	\$ 2,050/t	\$ 2,150/t	\$ 2,250/t	\$ 2,350/t	\$ 2,350/t	\$ 2,350/t	\$ 2,300/t	\$ 2,200/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t
Silver	\$ 16.5/oz	\$ 17.0/oz	\$ 17.5/oz	\$ 18.0/oz	\$ 18.5/oz	\$ 19.0/oz	\$ 19.5/oz	\$ 20.0/oz	\$ 20.5/oz	\$ 21.0/oz	\$ 21.5/oz	\$ 22.0/oz	\$ 22.5/oz	\$ 23.0/oz	\$ 23.3/oz	\$ 23.3/oz
Gold	\$ 1,225/oz	\$ 1,225/oz	\$ 1,250/oz	\$ 1,250/oz	\$ 1,300/oz	\$ 1,300/oz	\$ 1,350/oz	\$ 1,350/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz
Iron Ore	\$ 52/t	\$ 50/t	\$ 55/t	\$ 55/t	\$ 60/t	\$ 65/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t	\$ 70/t
Fluorite	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t	\$ 400/t

Source : Beer & Co estimates

The operating costs in Figure 15 are informed by

- the costs published by CSD in their March 2015 quarterly; and
- Beer & Co’s work on similar projects of a similar nature in a similar geography.

Figure 15 also shows the capital expenditure projected by Beer & Co.

Figure 15 : Beer & Co projected financial outcomes for CSD

AUD m	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27
Revenue	104	172	169	113	291	389	388	336	298	300	271	178	63
TC / RC	(26)	(30)	(19)	(5)	(31)	(61)	(68)	(60)	(58)	(59)	(53)	(22)	(2)
Cash Costs	(37)	(31)	(23)	4	(22)	(64)	(64)	(61)	(59)	(62)	(63)	(48)	33
Royalties	(5)	(35)	(43)	(51)	(82)	(86)	(92)	(87)	(78)	(80)	(80)	(78)	(74)
Corporate Costs	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Dep'n & Amort'sn	(5)	(7)	(8)	(6)	(19)	(31)	(31)	(30)	(28)	(28)	(28)	(22)	(5)
E B I T	28	64	72	49	129	140	127	92	68	65	41	2	8
Interest	(0)	(0)	0	0	(1)	0	0	0	0	0	0	0	0
Tax expense	(8)	(19)	(22)	(15)	(38)	(42)	(38)	(28)	(20)	(19)	(12)	(0)	(2)
N P A T	19	45	50	34	90	98	89	64	47	45	28	1	6
Exploration	0	(4)	(5)	(1)	0	0	0	0	0	0	0	0	0
Maintenance Capex	(11)	(2)	(17)	(20)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(2)	(2)
Expansion Capex	(38)	0	0	(113)	(38)	0	0	0	0	0	0	0	0

Source : Beer & Co estimates

Beer & Co projects significant project capital expenditure.

Valuation

Figure 15 shows that Beer & Co projects some significant capital expenditures by CSD. Beer & Co expects that these costs should be able to be debt financed as our projections are that the total debt incurred will be only about half of the project capital due to cash being generated by operations.

Figure 16 shows that Beer & Co's risked, base case valuation of CSD is 20c/share.

Using Beer & Co's base case commodity price projections, CSD will NOT need further equity to fund these expenditure.

Beer & Co's risk, base case, valuation of CSD is 20c/share.

Figure 16 : Beer & Co's base case valuation of CSD

discount rate = 12.0 %	risk :	30-Jun-14		23-Jul-15		
		100%	Product	per share		
	Mt Garnet base metals	90 %	\$ 117m	\$ 105m	8.6 c	7.1 c
	Mt Garnet tin	80 %	\$ 100m	\$ 80m	6.6 c	7.5 c
	Einasleigh base metals	40 %	\$ 79m	\$ 32m	2.6 c	2.9 c
	Fanking	50 %	\$ 80m	\$ 40m	3.3 c	3.7 c
	Corporate costs	100 %	(\$28m)	(\$28m)	(2.3c)	(2.2c)
	Exploration	100 %	\$ 0m	\$ 0m	0.0 c	0.0 c
	Net Cash Balance	100 %	\$ 0m	\$ 0m	0.0 c	1.0 c
	cash raised	100 %	\$ 0m	\$ 0m	0.0 c	0.0 c
	TOTAL		\$ 348m	\$ 229m	18.8 c	19.9 c
	Shares on issue		250.6m	FPO shares	24.7m	options
			804.2m	new equity	0.0m	op. ex'd
			\$ 16.5m	Convertible Notes	at	10.0 c

Source : Beer & Co estimates

Beer & Co's valuation uses 30 June 2014 as the basis for valuation. Figure 16 shows equity on issue increasing by 804m shares due to :

- 29.156m shares were issued in December 2014, to satisfy a \$2m loan to CSD;
- 610m shares were agreed to be issued to SPIL at the January 2015 EGM; and
- Beer & Co expects the \$16.5m Convertible Note, approved at the EGM, to be converted into shares at maturity, in January 2016.

Sensitivity Analysis

There are 3 major areas of risk in Beer & Co's valuation of CSD :

There are significant risks in Beer & Co's valuation

- Commodity price projections;
- Development plan; and
- Capital and operating cost estimates

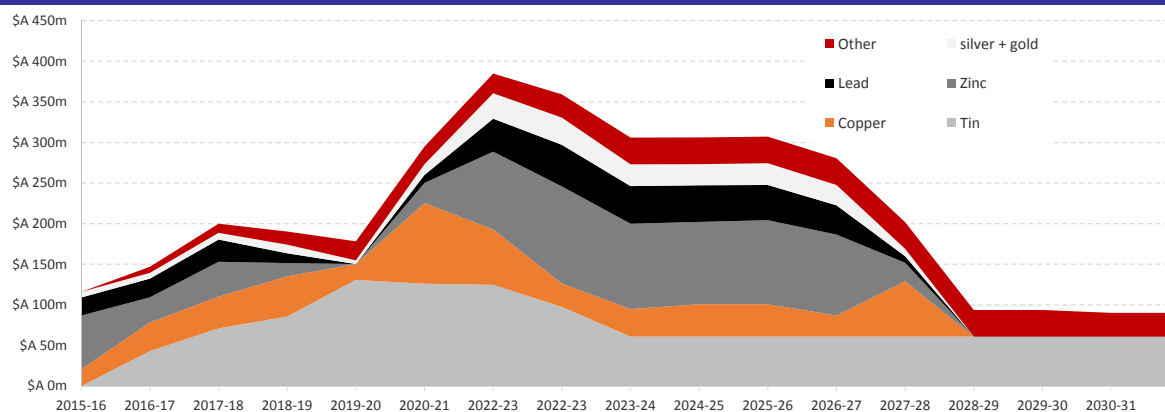
In particular, we assume that medium term commodity prices will be higher than current prices.

Commodity prices

Our commodity price projections were detailed in Figure 14. It shows that Beer & Co projects that commodity prices will generally recover over time, adding about 20%, and tin adding about 75%, while the AUD-USD rate stays at current levels.

Figure 17 shows Beer & Co's projected revenue for CSD, net of treatment charges. It shows that while there is some short term cashflow benefit from spiking prices, these spikes have only a minor impact on the Life of Mine cashflows.

Figure 17 : Beer & Co's projected revenues for CSD, in AUD terms



Source : Beer & Co estimates

Development Plan

There is also upside to Beer & Co's valuation, from

- **Success in the exploration programme being run by Wanguo in CSD's tenements;**
- **Higher grade ores being processed; and**
- **Successful execution.**

CSD has not published a plan for development beyond FY15 feed to Mt Garnet mill and the tin feasibility study. Beer & Co's analysis is driven by the size of the resource.

Our valuation is heavily risk weighted to reflect this uncertainty.

However, there is upside potential from :

- The agreement with Wanguo to explore in CSD's tenements; and
- Smaller, but higher grade reserves being defined than we have assumed in our analysis which is based on published resource grades.

Capital and Operating Costs

CSD has published data on operating costs for the March 2015 quarter at Mt Garnet. However, there is still a high degree of potential error in Beer & Co's estimates, which is why our valuation is risk weighted.

Testing

Tin prices are below even the most bearish projections of 12 months ago.

Figure 18 shows the impact on Beer & Co's valuation of our risk weighting and our commodity price assumptions.

Beer & Co's analysis indicated that a tin price of \$8.50/lb, with other parameters at current prices, is required for the project to add value.

Figure 18 : Valuation Impact

	risked	un-risked
spot prices	1.5 c	2.5 c
no tin	4.2 c	5.9 c
base case	19.9 c	27.7 c

Source : Beer & Co estimates

In contrast to other metals, tin prices have firmed over the last month.

Figure 18 shows that

- the timing of the commitment of the tin project has significant impact on the valuation of CSD as that project has a negative value at current tin prices; and
- commodity prices slightly higher than spot prices are required to derive the share price.

Conclusions

CSD is currently producing base metal concentrates and generating cash.

CSD has significant growth options with its tin project, though Beer & Co estimate that this requires a tin price of US\$ 8.40/lb to add economic values, given spot iron ore price of \$52/t and fluorite of \$350/t.

Also, the tin ore is hosted in a magnetite skarn, so fuming is required to liberate it. This is the process used by Minsur, the world's largest single tin mine, and also at Yunan Tin, the world's largest tin producer.

CSD has significant further growth options from the total of 26Mt in mineralisation in the Einasleigh – Maitland areas.

Beer & Co's base case valuation of CSD is 20c/share. This valuation is based on

- The AUD-USD rate around present levels, but metals prices recovering 15% - 20% generally, but with tin prices significantly higher in the long term, at US\$ 25,000/t, with an even higher price spike in the medium term;
- Tin recoveries of 85%, as suggested by CSD's ASX announcement of 16 July 2015;
- Development plan and operating and capital costs for the base metals operations estimated by Beer & Co, informed by current costs for CSD's operations at Mt Garnet; and
- Risk weightings to allow for the uncertainties.

As Beer & Co's valuation is a significant premium to the current share price, with favourable commodity price exposure, we initiate research with a BUY recommendation.

Beer & Co has a High Risk rating as our valuation :

- Requires higher commodity prices; and
- Uses Beer & Co's estimates for some of the operating and capital costs, even though these are informed by CSD's current operations, the PFS for Mt garnet tin published in October 2013, and other comparatives.

Beer & Co's analysis shows that our valuation of CSD is very sensitive to metals prices.

Successful execution adds further value.

Beer & Co initiates research on CSD with a BUY recommendation.

Beer & Co Research

Consolidated Tin (CSD.ASX)

July 2015

Year ended June	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
Section 1 - P&L								
Sales revenue	\$A m	0	44	78	149	161	124	284
Interest revenue	\$A m	0	0	0	0	1	1	0
Other revenue	\$A m	1	0	0	0	0	0	0
Total Revenue	\$A m	1	45	78	150	163	125	284
Cost of Goods Sold	\$A m	0	(22)	(37)	(67)	(72)	(62)	(121)
Royalties	\$A m	(2)	(3)	(4)	(4)	(4)	(4)	(4)
Exploration Expense	\$A m	0	0	0	0	0	0	0
Corporate Costs	\$A m	0	(2)	(5)	(9)	(9)	(6)	(14)
Other Operating Expenses	\$A m	0	0	0	0	0	0	0
Total Operating Expenses	\$A m	(2)	(27)	(45)	(79)	(85)	(72)	(139)
EBITDA	\$A m	(1)	17	33	70	78	53	145
Dep'n & Amort'n	\$A m	(0)	(3)	(5)	(6)	(6)	(4)	(17)
EBIT	\$A m	(1)	15	28	64	72	49	129
Interest Expense	\$A m	0	(1)	(0)	(0)	0	0	(1)
Other	\$A m	0	0	0	0	0	0	0
Pre-Tax Profit	\$A m	(1)	14	28	64	72	49	128
Tax Expense	\$A m	0	(4)	(8)	(19)	(22)	(15)	(38)
NPAT	\$A m	(1)	10	19	45	50	34	90
Reported NPAT	\$A m	(1)	(1)	(1)	1	11	24	23

Section 2 - Key Data

Ordinary shares - year end	m	251	890	1,055	1,055	1,055	1,055	1,055
Fully diluted shares on issue	m	251	890	1,055	1,055	1,055	1,055	1,055
Weighted # shares	m	251	577	1,055	1,055	1,055	1,055	1,055
Earnings per Share	(0.5c)	1.1 c	2.0 c	4.3 c	4.8 c	3.2 c	8.5 c	
Dividends Per Share	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	

Section 3 - Balance Sheet

Cash	\$A m	0	0	0	17	62	0	12
Receivables	\$A m	0	22	21	43	36	32	92
Other	\$A m	0	0	0	0	0	0	0
CURRENT ASSETS	\$A m	0	22	21	60	97	32	104
Receivables	\$A m	0	0	0	0	0	0	0
P, P & E	\$A m	0	17	47	53	74	152	147
Mining Properties / Exploration	\$A m	12	18	17	16	16	15	15
Other	\$A m	0	11	11	11	11	11	11
NON-CURRENT ASSETS	\$A m	13	46	76	80	100	179	173
TOTAL ASSETS	\$A m	13	69	97	140	198	210	277
Payables	\$A m	0	6	6	11	10	9	21
Debt	\$A m	1	17	22	0	0	27	0
Other	\$A m	0	0	0	0	0	0	0
CURRENT LIABILITIES	\$A m	1	23	27	11	10	36	21
Long Term Debt	\$A m	0	0	0	0	0	0	0
Deferred Tax Liability	\$A m	0	0	0	0	0	0	0
Other	\$A m	0	0	0	0	0	0	0
Provisions	\$A m	0	11	11	11	11	11	11
NON-CURRENT LIABILITIES	\$A m	0	11	11	11	11	11	11
TOTAL LIABILITIES	\$A m	1	34	39	22	21	48	32
NET ASSETS	\$A m	12	34	58	118	177	163	244
Accumulated Profit (Loss)	\$A m	(5)	6	25	70	120	154	244
Reserves	\$A m	0	(22)	(17)	(2)	6	(42)	(50)
Contributed Equity	\$A m	16	50	50	50	50	50	50
Total Equity	\$A m	12	34	58	118	177	163	244

Section 4 - Cashflow

Net Cashflow from operations	\$A m	17	33	70	77	52	145	166
Net Interest Paid	\$A m	(1)	(0)	0	1	1	(1)	2
Taxes Paid	\$A m	0	(0)	(9)	(17)	(11)	(14)	(34)
Change in Working Capital	\$A m	(16)	1	(34)	(39)	65	(60)	(128)
OPERATING CASHFLOW	\$A m	1	33	28	22	107	71	6
Exploration Expenditures	\$A m	(1)	0	(4)	(5)	(1)	0	0
Maintenance Capex	\$A m	(4)	(11)	(2)	(17)	(20)	(6)	(6)
Expansion Capex	\$A m	0	(38)	0	0	(113)	(38)	0
PPE Acquisitions (Total Capex)	\$A m	(5)	(49)	(6)	(22)	(134)	(43)	(6)
PPE Divestments	\$A m	0	0	0	0	0	0	0
INVESTING CASHFLOW	\$A m	(5)	(49)	(6)	(22)	(134)	(43)	(6)
Change in Equity	\$A m	0	0	0	0	0	0	0
Dividends Paid	\$A m	0	0	0	0	0	0	0
Change in Debt	\$A m	15	5	(22)	0	27	(27)	0
FINANCING CASHFLOW	\$A m	15	5	(22)	0	27	(27)	0
Free Cashflow	\$A m	4	(16)	22	0	(27)	27	(0)
Net Cashflow	\$A m	(2)	(11)	0	0	0	0	(0)

Shareholdings

Snow Peak International	673.700m	75.7 %	Convertible Notes : 165.0m	if converted
Ralph de Lacey (Exec. Chair)	16.250m	1.8 %		

Year ended June	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Commodity price assumptions						
AUD-USD	0.836	0.850	0.850	0.850	0.850	0.850
Tin	US\$ / lb	861	83	83	83	83
Copper	US\$ / lb	288	255	287	305	305
Zinc	US\$ / lb	100	117	162	139	104
Lead	US\$ / lb	90	86	103	101	95
Silver	US\$ / oz	17.3	17.3	19.3	21.3	23.0
Gold	US\$ / oz	1,224	1,238	1,325	1,400	1,400
Iron Ore	US\$ / t	71	59	69	70	70
Fluorite	US\$ / t	400	400	400	400	400

Mine Production

Tin	tonnes	0	0	1,926	2,713	3,791	5,951
Copper	tonnes	2,809	4,862	4,791	5,704	2,266	11,493
Zinc	000 t	29,582	10,613	10,613	4,700	0	9,538
Lead	000 t	9,910	9,527	9,527	4,220	0	3,656
Silver	'000 oz	350.3	329.0	336.9	396.6	156.5	276.6
Gold	ounces	0	0	0	0	0	2,808
Iron Ore	000 t	0.0	0.0	79.3	115.4	165.3	238.2

Resources, Reserves and assumed mining inventory

Mt Garnet Tin	Tin	Iron	Fluorine
Measured	1,105 kt	0.73 %	32 %
Indicated	8,297 kt	0.36 %	21 %
Inferred	3,716 kt	0.37 %	24 %
TOTAL	13,118 kt	0.39 %	23 %

Mt Garnet Base Metals

	zinc	lead	copper	silver
FY 15	445 kt	31,480 t	10,200 t	4,390 t
Baal Gammon	829 kt	20,725 t		1,813 koz
Polymetallic	603 kt	33,330 t	115 t	2,346 t
TOTAL	1,877 kt	85,535 t	10,315 t	6,736 t

Einasleigh Copper

		copper	silver	gold
Einasleigh + Kaiser Bill blend	Indicated	14,000kt	0.9 %	6 g/t
	Inferred	2,100kt	1.5 %	62 g/t
Balcooma North + Maitland	Indicated	1,558kt	1.5 %	550 g/t
TOTAL		17,658kt	1.0 %	61 g/t

Einasleigh Base Metals

	zinc	lead	copper	silver	gold
Dry River / Balcooma	Measured	92kt	8,832 t	3,588 t	1,012 t
	Indicated	195kt	7,407 t	2,638 t	2,484 t
	Inferred	1,136kt	53,681 t	19,786 t	13,673 t
Sub-Total		1,422kt	69,920 t	26,012 t	17,168 t
Einasleigh	Measured	3,400kt	159,800 t	71,400 t	6,800 t
	Indicated	2,200kt	96,900 t	31,500 t	4,400 t
	Inferred	5,600kt	256,700 t	102,900 t	11,200 t
Sub-Total		11,200kt	457,300 t	204,700 t	33,368 t

Asset based Valuation

discount rate = 12.0 %	risk :	100%	30-Jun-14	23-Jul-15
Mt Garnet base metals	90 %	\$ 117m	\$ 105m	8.6 c
Mt Garnet tin	80 %	\$ 100m	\$ 80m	6.6 c
Einasleigh base metals	40 %	\$ 79m	\$ 32m	2.6 c
Fanking	50 %	\$ 80m	\$ 40m	3.3 c
Corporate costs	100 %	(\$28m)	(\$28m)	(2.3c)
Exploration	100 %	\$ 0m	\$ 0m	0.0 c
Net Cash Balance	100 %	\$ 0m	\$ 0m	0.0 c
cash raised	100 %	\$ 0m	\$ 0m	0.0 c
TOTAL		\$ 348m	\$ 229m	18.8 c
Shares on issue		250.6m	FPO shares	24.7m
		804.2m	new equity	0.0m
Convertible Notes :		\$ 16.5m	165.0m	options
				op. ex'd

Financial Ratios

Year ended June	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue	\$A m	45	78	150	163	125
EBITDA	\$A m	(1)	17	33	70	78
EBIT	\$A m	(1)	15	28	64	72
NPAT (reported)	\$A m	(1)	(1)	(1)	1	11
Adjusted EPS (cps)	(0.5c)	1.1 c	2.0 c	4.3 c	4.8 c	3.2 c
EPS Growth (%)		327 %	74 %	116 %	12 %	(33%)
DPS (c)	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c
Dividend Yield (%)	0 %	0 %	0 %	0 %	0 %	0 %
PE adj. (x)	x	(13)	5.6	3.2	1.5	1.3
EV / EBITDA (x)	x	(55)	5.1	1.5	0.1	1.2
EV / EBIT (x)	x	(52)	6.0	1.8	0.1	1.3
Gearing (%)	24 %	23 %	0 %	0 %	13 %	0 %
Return on Assets	22 %	29 %	46 %	36 %	23 %	46 %
Return on Equity	30 %	33 %	38 %	29 %	21 %	37 %
EBITDA Margin (%)	n/a	39 %	42 %	47 %	48 %	43 %
Interest Cover (x)	x	n/a	25.5	57.5	483.9	n/a

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Analyst Certification

The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

Report prepared by : Pieter Bruinstroop pbruinstroop@beerandco.com.au

BEER & CO PTY LTD ABN 88 158 837 186,
AUTHORISED REPRESENTATIVE MELBOURNE VENTURE SECURITIES PTY LTD AFSL No. 224 313

Melbourne Office:

Suite 4, Level 2, Bank House
11 - 19 Bank Place,

Melbourne, Vic, Australia 3000

Telephone: (+613) 9600 3599

Facsimile: (+613) 9602 2291

Email: info@beerandco.com.au

Web: www.beerandco.com.au