

17 January 2017

ASX/MEDIA RELEASE

ASX: CSD Share Price: \$0.025 (in trading halt)

ABN: 57 126 634 606

COMPANY UPDATE

CORPORATE

On 19 July 2016, Consolidated Tin Mines Ltd (ACN 126 634 606) (ASX Code: CSD) (**Company**) appointed Blair Alexander Pleash and Kathleen Elizabeth Vouris as joint and several administrators of the Company and Snow Peak Mining Pty Ltd (ACN 161 212 504) (**SPM**) after failing to secure funding arrangements to address its working capital requirements (**Administrators**). The securities of the Company were suspended from trading on the Official List of the ASX on 29 June 2016.

The Company and SPM have worked diligently to develop a Joint Deed of Company Arrangement (**DOCA**) to provide the best possible outcome for shareholders of the Company (**Shareholders**) and creditors of the Company (**Creditors**) and to see the Company survive. The DOCA was proposed by Cyan Stone Pty Ltd (ACN 060 864 840) (**Cyan**). Details of Cyan are set out below. The terms of the proposed DOCA were accepted by Creditors at the second Creditor's meeting held on 23 November 2016.

As announced to the ASX on 12 December 2016, the DOCA was executed on 8 December 2016 and in accordance with the terms of the DOCA control of the affairs of the Company was returned to the directors of the Company, subject to the DOCA.

The DOCA sets out a proposal to restructure the Company that will require Shareholder approval at an Extraordinary General Meeting (**EGM**). Full details of the proposed restructure will be explained in a Notice of EGM (**Notice**) and Independent Experts Report (**IER**) to be provided to Shareholders shortly.

Pursuant to the terms of the DOCA, the Company proposes to:

- (a) convert all current related party pre administration debt and all current related party debt incurred during the course of the Company's voluntary administration, to equity, resulting in the issue of 1,456,050,770 fully paid ordinary shares (**Shares**) to the related party Creditors or their nominees;
- (b) issue up to 2,700,000,000 Shares at an issue price of \$0.012615 per Share to Cyan to raise up to \$34,060,500 pursuant to the terms of a subscription agreement entered into with Cyan on 10 November 2016 (**Subscription Agreement**); and
- (c) grant Cyan an option to subscribe for 198,167,774 Shares (on a pre-Consolidation basis) at an issue price of \$0.012615 per Share which if exercised will raise an additional \$2,500,000.

The issue of Shares to Cyan Stone pursuant to the terms of the Subscription Agreement may result in Cyan obtaining a voting power in the Company of up to 60%. Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act will be sought for this increase.

Pursuant to the Subscription Agreement (as varied), Cyan has agreed to a scheduled prepayment of the subscription funds. Cyan has already prepaid \$13,613,743.98 of the total subscription amount (inclusive of the DOCA funds and funds for care & maintenance paid by Cyan to the Administrators) and will continue to prepay certain amounts on a monthly basis through until July 2017.

The Terms of the DOCA and the Subscription Agreement provide that the subscription funds will be used by the Company:

- (a) to establish a \$10,000,000 creditors trust to be operated by the Administrators (**Creditors Trust**);
- (b) to repay care and maintenance loans totalling \$3,583,941.27, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) for the care and maintenance activities of the Administrators during the period of voluntary administration; and
- (c) for working capital purposes.

Funds that are set aside for working capital purposes will allow the Company to instigate the restart of mining and processing operations and other planned exploration activities that are set out below.

The DOCA was subject to a number of conditions subsequent, being the receipt of various Shareholder approvals to enable the Company to issue the Shares to Cyan pursuant to the Subscription Agreement and the receipt of FIRB approval (**Conditions Subsequent**). The Conditions Subsequent were required to be satisfied by 23 January 2017. Whilst the FIRB approvals have been obtained (see below for more information in this respect), the requisite Shareholder approvals will not be received by this date. As a result of this date not being able to be met, Cyan has agreed to waive the Conditions Subsequent.

Waiver of the Conditions Subsequent has resulted in the DOCA being 'effectuated' and the establishment of the Creditors Trust, which will be applied by the Administrators in payment of items pursuant to the terms of the DOCA.

A further effect of the waiver of the Conditions Subsequent is that in the event that Shareholders do not approve the issue of the Shares to Cyan in accordance with the Subscription Agreement, the total amount that has been prepaid by Cyan will automatically be converted into an interest bearing loan (**Loan**). The Loan will be secured by a general security agreement over the Company, will be subject to interest at 10% per annum and will be due and payable immediately.

CYAN STONE

Cyan is an Australian private company with interests in property development, building construction, viticulture and, following execution of the Subscription Agreement, mining.

Cyan is majority owned by Hong Kong based Jianyuan Investment Limited which in turn is held with 100% ownership by Mr Ching, a Chinese businessman.

FIRB APPROVALS

Due to the foreign ownership structure of SPM, the Company was required to apply for approval from the Foreign Investment Review Board (**FIRB**) for the acquisition of various mining tenements and associated infrastructure from SPM pursuant to the Asset Sale Agreement entered into by the Company on 23 October 2014 as announced on 19 April 2016.

In addition, due to the foreign ownership structure of Cyan, the Company was required to apply for approval from FIRB for the proposed issue of Shares to Cyan which may result in Cyan holding voting power in the Company of up to 60%.

On 21 December 2016, the Company received each of the requisite FIRB approvals.

EXPLORATION ACTIVITIES

As noted above funds raised under the Subscription Agreement will allow the Company to instigate the restart of its mining and processing operations, which will be implemented in a staged 'ramp-up', as key staff are employed and the Company progresses its operations towards full production.

Funds raised under the Subscription Agreement will also be used to establish a \$11.6M exploration budget. The focus of this exploration budget will be the development of base metals resources to provide additional ore reserves for the Company's Mt Garnet processing plant located approximately 162km south west of Cairns, Queensland.

Initial drilling will focus on targets located close to the Company's Mt Garnet processing plant and other targets in the general Mt Garnet vicinity. This drilling commenced on 7th January 2017.

A second drill rig is expected to commence drilling in the mineralised corridor of Company's Surveyor site located 150km south of Mount Garnet near Greenvale, Queensland, in early February 2017. A third drill rig is expected to commence drilling at the Company's Einasleigh Project in early April, following the northern wet season.

NOTICE OF MEETING

The NOM and IER were lodged with the ASX for their review on 12 December 2016. ASX advised the Company at this point that the Company must release its latest audited financial accounts before the ASX will approve the form and content of the NOM. The Company understands that this is a new policy of the ASX and is now working with its auditors KPMG to complete the Company's 2016 Annual Report as soon as possible, with the current expectation this will be completed during March 2017. The NOM and IER will contain all relevant and necessary details that shareholders will require to make an informed assessment of the proposed transactions.

The Company will keep shareholders informed of any developments.

For further information, please contact:
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The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.