

ANNOUNCEMENT

17th August 2017

ASX/MEDIA RELEASE

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

CONSOLIDATED
TIN MINES LIMITED



**ASX Appendix 4D and
Half-Year Financial Report
for the Half Year Ended 31 December 2016**

CONSOLIDATED TIN MINES LIMITED

Cairns Corporate Headquarters:
395 Lake Street, Cairns Qld 4870
Phone: +61 (7) 4032 3319
Email: info@csdtin.com.au
Web: www.csdtin.com.au

ASX Appendix 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET

			6 months 31 Dec 2016	6 months 31 Dec 2015
			\$	\$
Revenue	Revenue increased	13,747%	482,560	3,485
Net loss for the period attributable to members	Loss increased	993%	(10,201,559)	(933,629)

DIVIDENDS

No final dividend was paid in relation to the year ended 30 June 2016.

No final dividend will be paid in relation to the half-year ended 31 December 2016.

	2016	2015
Net tangible asset backing per ordinary share: cents per share	0.6	3.7

Review of Results

Refer attached Review of Operations for commentary on the results for the half-year.

Auditor's Review Conclusion

The Financial Statements have been subject to review. A copy of the Independent Auditor's Review Report is on page 30 of the attached Half-Year Financial Report. The Review Report includes the following emphasis of matter paragraph:

"Material uncertainty related to going concern"

Without modifying our review conclusion, attention is drawn to the directors' assessment of going concern in Note 1 of the Half-year Financial Report. The matters outlined in note 1 indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Half-year Financial Report."



Half-Year Financial Report

**For The Half Year Ended
31 December 2016**

Contents

	Page
.....	
Directors' Report	2-6
.....	
Auditor's Independence Declaration	7
.....	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
.....	
Condensed Consolidated Statement of Financial Position	9
.....	
Condensed Consolidated Statement of Changes in Equity	10
.....	
Condensed Consolidated Statement of Cash Flows	11
.....	
Notes to the Condensed Consolidated Financial Statements	12 – 28
.....	
Directors' Declaration	29
.....	
Independent Auditor's Review Report	30 – 31
.....	

Directors' Report

The Directors of Consolidated Tin Mines Limited (the Company) present their report together with the Condensed Consolidated Financial Statements for the six months ended 31 December 2016 and the Independent Auditor's Review Report thereon.

Directors

The following persons were directors of Consolidated Tin Mines Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr Ralph De Lacey	<i>(Joint Executive Chairman and Managing Director)</i>
Mr Kwok Ching Tsoi (Alex)	<i>(Joint Executive Chairman)</i>
Mr Ze Huang Cai (Martin)	<i>(Executive Director and Company Secretary)</i>
Mr Si He Tong	<i>(Non-Executive Director)</i>
Ms Xiaoyan Tong (Seraphina)	<i>(Alternate Non-Executive Director)</i>
Mr Darryl Harris	<i>(Non-Executive Director – Resigned 13 July 2016)</i>

Company Secretary

Mr Ze Huang Cai (Martin)

Review of Operations

The net loss after income tax for the half-year was \$10,201,559 (31 December 2015: loss of \$933,629).

At the end of the half-year the Group had \$2,552,936 (30 June 2016: \$1,094,967) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$43,813,634 (30 June 2016: \$48,034,283) and capitalised mining tenements is \$3,993,464 (30 June 2016: \$nil), these figures are inclusive of writing off \$768,883 from capitalised mineral exploration expenditure for the expiry of exploration tenements not renewed.

Mining and Processing Operations

Mining and processing continued up to May 2016, with the operations put on operational maintenance shutdown in anticipation of the imminent receipt of a funding facility. Unfortunately the funding was not realised by the end of the 2016 financial year and the directors placed the Company in Voluntary Administration (VA) effective 19 July 2016 to allow the Company time to complete the US\$20 million funding. With the emergence of funding from Cyan Stone Pty Ltd (Cyan), the Group discontinued its pursuit of the US\$20 million facility in November 2016.

The Company executed a Joint Deed of Company Arrangement together with Snow Peak Mining Pty Ltd (SPM), a related party and Cyan on 8 December 2016, the Joint Deed of Company Arrangement was subsequently effectuated on 12 January 2017.

Mt Garnet Tin Project

As previously advised the Company had decided to progress the Gillian Definitive Feasibility Study (DFS) to include the Pinnacles deposit. Due to the Company entering VA, the DFS was not progressed during the 6 months to 31 December 2016.

Directors' Report

Review of Operations (continued)

Base Metal Exploration Project

The Farm-In agreement between Wanguo International Mining Group (Wanguo) and Snow Peak Mining (SPM) (as transferred to the Company upon settlement of the Asset Sale Agreement on 19 April 2016) concluded during the 6 months to 31 December 2016. Wanguo undertook exploration in the Einasleigh project area in 2014 and 2015, however did not continue the exploration program beyond early 2016. The Wanguo Agreement expired without any milestones being achieved and no interest assigned to Wanguo.

Corporate

Mr Darryl Harris, a Non-Executive Director since 12 October 2010, resigned from the Board effective 13 July 2016.

Significant Changes in State of Affairs

On 19 July 2016, after continual delays in obtaining funding for its working capital requirements, the Company appointed Blair Pleash and Kathleen Vouris of Hall Chadwick as Administrators in accordance with Section 436A of the *Corporations Act 2001*. Whilst the Administrators undertook a review and assessment of the Company's operations, the Company continued to run its mining operations in a care and maintenance capacity.

In a report to creditors in November 2016, the Administrators recommended that the Company execute a Deed of Company Arrangement (DOCA). At a meeting of creditors on 23 November 2016, it was resolved for the Company to execute a Joint DOCA with its related entity, Snow Peak Mining Pty Ltd (SPM) and at that meeting, the terms of the proposed DOCA were accepted.

The DOCA was proposed by Cyan Stone Pty Ltd (Cyan), an Australian private company with interests in property development, building construction and viticulture. Cyan is majority owned by Hong Kong based Jianyuan Investment Limited which in turn is held with 100% ownership by Chinese businessman, Mr Ching.

The joint DOCA was executed on 8 December 2016 and, upon execution of the DOCA, control of the Company was returned to the Directors, subject to the DOCA.

The DOCA established a fund in the amount of \$10,000,000, for payment of the Company's and SPM's creditors. Subject to the necessary resolutions being passed, the DOCA provided that the Company and SPM would effect a restructure by:

- a. Converting 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. Issuing 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. Granting Cyan an option to subscribe for 198,176,774 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 pursuant to the terms of the Subscription Agreement will require Shareholder approval and may result in Cyan obtaining a voting power in the Company of approximately 60%.

Directors' Report

Matters Subsequent to the End of the Financial Period

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, other than the following:

- Removal from Voluntary Administration

The joint DOCA as accepted by the Creditors and executed on 8 December 2016, was subject to a number of conditions subsequent to be satisfied by 23 January 2017. Due to recently changed ASX rules that now require the release of audited financial statements before calling an Extraordinary General Meeting of shareholders, the conditions of the DOCA could not be satisfied and were subsequently waived by Cyan. The waiving of the conditions subsequent effectuated the joint DOCA from 12 January 2017 and concluded the Voluntary Administration of the Company.

- Current and future funding

Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and Cyan has prepaid \$33,213,744 (as at the date of signing these half-year financial statements including bank charges deducted at source) comprising DOCA funds of \$10m, care and maintenance funds paid to the Administrator whilst they were in control of the Company, of \$1,213,744 and \$22m paid to the Group to fund operations. Cyan has agreed to prepay an additional \$846,756 to fund working capital requirements.

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

- a. To establish a \$10m creditors trust to be operated by the Administrators;
- b. To repay care and maintenance loans totalling \$3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration inclusive of bank charges deducted at source; 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 including the establishment of an exploration budget.

In the event that the EGM does not approve the conditions of the Subscription Agreement, any amounts prepaid by Cyan Stone will be automatically converted into an interest-bearing loan secured by a general security agreement and subject to interest at 10% per annum.

- Return to Mining and Processing

Immediately on return of the Company to the Directors, the Company commenced recruiting key personnel to fill all senior management positions that were then vacant. A new Senior Management Team is now in place and the Company has developed a two-year business model.

The Mt Garnet underground mine recommenced mining on 5th July 2017 with first ore delivered to the Run-of-Mine (ROM) on 6th July 2017.

Development work is continuing at the Dry River South project, an underground mine located adjacent to the Surveyor open cut pit.

Directors' Report

Matters Subsequent to the End of the Financial Period (continued)

A drilling program commenced in January 2017 to identify additional base metal resources. Stage 2 drilling of the Mt Garnet Deeps prospect has been completed. The company is assessing the economic potential of the mineralisation identified in the recent drilling. The outcome of this assessment will determine the next step for this project.

The Mt Garnet Mill refurbishment is completed and processing of ore for production of concentrate has commenced.

- Exploration Activities

As part of the funds raised under the Subscription Agreement, a \$11.6M budget has been established to undertake exploration drilling on key target areas that include Einasleigh, an extension to Surveyor and additional prospects within exploration tenures held by the Group.

In addition to the drilling program conducted at the Mt Garnet Deeps prospect, two holes were drilled at the Gillian Zinc prospect, located 9 km south of Mt Garnet. Additional drilling at Gillian commenced late July 2017 targeting conceptual zinc potential located at depth beneath the Gillian Tin Project.

The first drilling program at the Chloe Prospect at Einasleigh Project is progressing, and a second drill rig has commenced drilling at the Jackson Prospect, also at Einasleigh. A third drill rig will commence drilling at the Kaiser Bill Project in August 2017.

A 14 room camp has been established at Einasleigh to reduce travel time for the exploration team.

The following tenements expired after 31 December 2016 and were not renewed:

EPM 17548	Petford East
EPM 17550	Herberton Extended
EPM 17551	Smiths Creek

- Baal Gammon Mineral Rights

On 31 January 2017, the Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into a settlement agreement with Baal Gammon Copper Pty Ltd (BGC) whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project including the assumption of the Companies' obligations under the Clean-Up Notice (additional information regarding the Clean-Up Notice is available at Note 16 of the Condensed Consolidated Financial Statements).

Under the settlement agreement, the Company agreed to pay BGC an amount of \$1,800,000 and will transfer the financial assurances held with respect to the Baal Gammon Mine to BGC (\$3.75 million as at 31 December 2016). The payment to BGC is to be made over several instalments. As at the date of signing this half-year financial report, \$1,600,000 has been paid.

As a result of the settlement deed, and in return for the payments and transfer of financial assurance, on 1 February 2017, the Company transferred all rehabilitation obligations associated with the Baal Gammon Mine (\$5.75 million provisioned as at 31 December 2016) to BGC. The Company has estimated the provision in accordance with Australian Accounting Standards and this estimation has considered the subsequent settlement agreement with BGC.

Directors' Report

Matters Subsequent to the End of the Financial Period (continued)

The actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

On 1 March 2017 BGC lodged a proof of debt against the creditors trust operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees. On 6 March 2017, BGC were advised of the rejection of this proof of debt by the trustees. The Company has been informed that BGC has initiated legal action against trustees as a result of this rejection and this action remains on-going as at the date of signing this half-year financial reports. This action will delay the distribution from the trust fund.

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation.

Other than the information provided above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act* is set out on the following page and forms part of this Directors' report for the half-year ended 31 December 2016.

This report is made in accordance with a resolution of the Directors.

DATED at Cairns this 17th day of August 2017.



Ralph De Lacey
Joint Executive Chairman



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Consolidated Tin Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the half year ended 31 December 2016 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Daniel Camilleri
Partner

Sydney
17 August 2017

Consolidated Tin Mines Limited
ABN 57 126 634 606

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenue		482,560	-
Cost of sales	4	(244,780)	-
Gross profit		237,780	-
Care and maintenance costs	4	(2,661,505)	-
Depreciation and amortisation expenses	4	(1,973,688)	(41,403)
Marketing expenses		(7,135)	(21,598)
Occupancy expenses		(294,632)	(12,061)
Administrative expenses		(1,347,289)	(267,838)
Employee expenses		(1,415,007)	(197,583)
Corporate and other expenses		(227,295)	(104,661)
Impairment of exploration and evaluation assets	6	(864,599)	(291,970)
Operating loss		(8,553,370)	(937,114)
Net finance income/(expense)	4	(1,648,189)	3,485
Loss before income tax		(10,201,559)	(933,629)
Income tax benefit		-	-
Loss for the period		(10,201,559)	(933,629)
Other comprehensive Income		-	-
Total comprehensive income for the period attributable to owners of the Group		(10,201,559)	(933,629)
Loss per share			
Basic loss per share (cents)		(1.15)	(0.33)
Diluted loss per share (cents)		(1.15)	(0.33)

It should be noted that the 31 December 2016 results include the costs of administration and associated costs applicable to managing the assets transferred through the Asset Sale Agreement which completed on 19 April 2016.

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Tin Mines Limited
ABN 57 126 634 606

Condensed Consolidated Statement of Financial Position
As at 31 December 2016

	Note	31 December 2016	30 June 2016
		\$	\$
Current assets			
Cash and cash equivalents		2,552,936	1,094,967
Inventories		55,595	244,969
Trade and other receivables		64,037	87,282
Prepayments		184,121	356,439
Total current assets		2,856,689	1,783,657
Non-current assets			
Property, plant and equipment	5	21,903,753	23,877,441
Exploration and evaluation assets	6	43,813,634	48,034,283
Mining tenements	7	3,993,464	-
Bonds and deposits	8	12,086,617	11,080,971
Total non-current assets		81,797,468	82,992,695
Total assets		84,654,157	84,776,352
Current liabilities			
Trade and other payables	9	31,088,866	29,014,873
Employee leave liabilities		815,099	830,807
Loans and borrowings	10	33,904,095	25,898,106
Total current liabilities		65,808,060	55,743,786
Non-current liabilities			
Employee leave liabilities		441,866	426,776
Rehabilitation provision	11	13,436,295	13,436,295
Total non-current liabilities		13,878,161	13,863,071
Total liabilities		79,686,221	69,606,857
Net assets		4,967,936	15,169,495
Equity			
Issued capital	12	35,749,050	35,749,050
Accumulated losses		(30,781,114)	(21,642,012)
Reserves		-	1,062,457
Total equity		4,967,936	15,169,495

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Tin Mines Limited
ABN 57 126 634 606

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2016

	Issued Capital \$	Accumulated losses \$	Convertible Note reserve \$	Total \$
At 1 July 2016	35,749,050	(21,642,012)	1,062,457	15,169,495
Total comprehensive income for the half-year:				
Loss for the half-year	-	(10,201,559)	-	(10,201,559)
Other comprehensive income	-	-	-	-
Transfer of Convertible Note Reserve	-	1,062,457	(1,062,457)	-
Transactions with owners in their capacity as owners:				
Options issued – offer	-	-	-	-
Options vesting	-	-	-	-
Options expired	-	-	-	-
At 31 December 2016	35,749,050	(30,781,114)	-	4,967,936

	Issued Capital \$	Accumulated losses \$	Share based payments reserve \$	Option reserve \$	Total \$
At 1 July 2015	18,235,050	(7,062,952)	62,235	112,447	11,346,780
Total comprehensive income for the half-year:					
Loss for the half-year	-	(933,629)	-	-	(933,629)
Other comprehensive income	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Share issue, net of costs	14,000	-	-	-	14,000
Options expired	-	174,682	(62,235)	(112,447)	-
At 31 December 2015	18,249,050	(7,821,899)	-	-	10,427,151

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Tin Mines Limited
ABN 57 126 634 606

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Receipts from customers	482,560	-
Interest received	20,143	3,485
Proceeds received on behalf of SPM on the operation of Mt Garnet	-	26,802,639
Payments made to suppliers on behalf of SPM on the operation of Mt Garnet	-	(28,134,045)
Payments to suppliers and employees (net of reimbursed management costs)	(3,785,444)	(708,521)
Net cash used in operating activities	(3,284,741)	(2,036,442)
Cash flows from investing activities		
Exploration and feasibility expenditure	(586,982)	(1,016,814)
Payments for plant and equipment	-	(3,421)
Refund/(placement) of security deposits	(1,009,965)	2,500
Net cash used in investing activities	(1,596,947)	(1,017,735)
Cash flows from financing activities		
Proceeds on loans received	-	2,194,998
Proceeds from Cyan Stone Pty Ltd	3,613,744	-
Proceeds from Ming Huang Trading Limited	2,723,913	-
Net cash generated from financing activities	6,337,657	2,194,998
Net increase / (decrease) in cash held	1,457,969	(859,179)
Cash at the beginning of the period	1,094,967	1,222,884
Cash at the end of the period	2,552,936	363,705

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 1 Basis of preparation of half-year financial report

Consolidated Tin Mines Limited (the Company) is a company domiciled in Australia. These condensed consolidated half-year financial statements (half-year financial statements) as at and for the six months ended 31 December 2016 comprise the Company and its controlled entities (together referred to as the Group).

The Group is a for-profit entity primarily involved in the exploration for mineral resources and the mining of such resources for sale. The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 are available upon request from the Company's registered office at 395 Lake Street, Cairns, Australia or at www.csdtin.com.au.

These half-year consolidated financial statements are short form financial statements for the half-year reporting period ended 31 December 2016 and have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS34: *Interim Financial Reporting*.

The historical cost basis has been used except for the revaluation of certain financial instruments to fair value. The carrying value of financial assets and financial liabilities is a reasonable approximation of fair value.

Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is also the Group's functional currency.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2016 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial statements were approved by the Board of Directors on 17th August 2017.

Accounting policies and methods of computation

The same accounting policies, accounting judgements, key estimates and methods of computation have been followed in preparing these half-year financial statements as compared with the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern basis for preparation of financial statements

The half-year financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

At 31 December 2016, the Group had a cash balance of \$2,552,936 (June 2016: \$1,094,967), a working capital deficiency of \$62,951,371 (June 2016: \$53,960,129) and incurred net operating cash outflows of \$3,284,741 (June 2016: \$32,831).

The ability of the Group to continue as a going concern is dependent on:

- shareholder approval being obtained to issue Cyan Stone Pty Ltd (Cyan) 2,700,000,000 shares pursuant to the terms of a subscription agreement entered into with Cyan;

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 1 Basis of preparation of half-year report (continued)

Going concern basis for preparation of financial statements (continued)

- the successful restructure of the Company as proposed under the terms of the Deed of Company Arrangement (DOCA) which remains subject to shareholder approval;
- the successful defence of the action initiated by Baal Gammon Copper Pty Ltd (BGC); and
- the successful achievement of the operations plans which are based on assumptions including commodity prices, foreign exchange rates and achieving production quantities in line with respective cost and timing assumptions.

Under the terms of the Subscription Agreement with Cyan, Cyan has prepaid \$33,213,744 (as at the date of signing these half-year financial statements) comprising DOCA funds of \$10m, care and maintenance funds paid to the Administrator of \$1,213,744 and \$22m paid to the Group to fund operations. Cyan has agreed to prepay an additional \$846,756 to fund working capital requirements.

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been prepaid by Cyan will automatically be converted into an interest bearing loan which will be due and payable immediately.

The Deed of Company Arrangement proposed a restructure of the Company whereby related party creditors will convert their debt totalling \$34,335,564 as at 8 December 2016 (being the date of and the amount contemplated in the DOCA) into ordinary shares in the Company. This restructure is subject to shareholder approval.

Should the Group not be successful in achieving shareholder approval for the issue of shares to related party creditors in repayment of debt, this debt will remain in the Company and will be due and payable immediately.

On 19 May 2017, Baal Gammon Copper Pty Ltd (BGC) initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, Snow Peak Mining Pty Ltd (SPM) and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Malletsons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation and this would be a material uncertainty in respect of the Company's going concern.

The Group has implemented a two year operations plan commencing February 2017 to recommence mining at the Mt Garnet and Surveyor Mines, with processing of ore at the Mt Garnet Processing Plant. The two year operations plan concludes in January 2019 and is dependent upon the Group being able to sell product at the Group's economic forecasts, including commodity prices and foreign exchange rates to support the Group's continued operations. In addition, the plan is dependent on the Group achieving production quantities, in line with the respective cost and timing assumptions.

The Group reviews recent market movements and considers the opinions and forecasts of industry and finance professionals in determining the Group's economic forecasts. At present, the Group views that the best forecast is the prevailing market rate of the day. The Group periodically reviews our operations plans and cash flow forecasts by updating the economic variables to the prevailing rates.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 1 Basis of preparation of half-year report (continued)

Going concern basis for preparation of financial statements (continued)

As at 10 August 2017, the prevailing market rates used are:

- Zinc US\$ 2,935.00 per tonne (London Metal Exchange (LME))
- Lead US\$ 2,358.00 per tonne (LME)
- Copper US\$ 6,416.50 per tonne (LME)
- Silver US\$ 17.08 per troy ounce (London Bullion Market Association (LBMA))
- Gold US\$1,284.40 per troy ounce (LBMA)
- FX US\$0.7873 (Reserve Bank of Australia)

Based on the assumptions above, the Group's operations model cash flow forecast to August 2018 provides a positive cash position and positive working capital ratio.

Significant falls in commodity prices and/or increases in foreign exchange rates will have a material impact on the future cash flows of the Company.

The Group's two year operations plan has inherent production risks relating to underground mining, transportation, weather and processing of mineral ore; any delays in the timing as well as quantum of production may have a material impact on the Group's cash flows.

These assumptions in respect of commodity prices, foreign exchange rates, production quantities, timing and cost represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Current liabilities at 31 December 2016 are \$65,808,060 prior to the DOCA being effectuated. As indicated above, the DOCA proposed a restructure whereby related party creditors will convert their debt totalling \$34,335,564 as at 8 December 2016 (being the date of and amount contemplated in the DOCA) into ordinary shares in the Company. Unsecured and unrelated creditors are anticipated to receive a payout from the \$10 million deed funds provided by Cyan.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the half-year consolidated financial statements. The half-year consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2016

In the half year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 July 2016.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 1 Basis of preparation of half-year report (continued)

Adoption of new and revised standards (continued)

AASB 9 Financial Instruments (2014)

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a) Exploration and evaluation assets

The Group's accounting policy is stated at Note 1 of the Consolidated Annual Financial Statements of the Group as at and for the year ended 30 June 2016. A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

b) Mining tenements

When production commences on an area of interest, the area of interest is reclassified as a mining tenement and the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs relating to areas of interest classified as mining tenements are not capitalised but are treated as operating expenses.

c) Deferred tax assets

The Group does not recognise net deferred tax assets as it is improbable in the short to medium term that these assets will be realised.

d) Rehabilitation provision

The calculation of rehabilitation and closure provisions rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.

Other than the provision for the Baal Gammon Project, the Group currently bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

Note 3 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently considers there to be only one reportable segment, that being mining and exploration within Australia.

All significant operating decisions are based upon analysis of the entity as a single segment. The financial results of this segment are represented by the half-year financial statements of the entity.

Consolidated Tin Mines Limited
ABN 57 126 634 606

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 4 Loss before income tax

The following expense items are relevant in explaining the financial performance for the half-year:

	For the half- year ended 31 December 2016 \$	For the half- year ended 31 December 2015 \$
Cost of Sales		
Mining costs	13,568	-
Movement in inventories	231,212	-
Total cost of sales	244,780	-
Care and Maintenance Costs		
Mt Garnet	1,776,974	-
Baal Gammon	563,112	-
Surveyor	321,419	-
Total care and maintenance cost	2,661,505	-
Depreciation		
Buildings	155,871	21,550
Office equipment	11,756	8,701
Motor vehicles	17,724	5,762
Plant and equipment	1,788,337	5,390
Total depreciation	1,973,688	41,403
Net finance expense / (income)		
Interest received from financial institutions	(20,143)	(3,485)
Interest expense	1,668,332	-
Total net finance expense / (income)	1,648,189	(3,485)

Note 5 Property, plant and equipment

The movement in property, plant and equipment for the financial period is as follows:

	For the half- year ended 31 December 2016 \$	For the half- year ended 31 December 2015 \$
Balance at beginning of period	23,877,441	976,437
Depreciation	(1,973,688)	(41,403)
Additions	-	3,421
Balance at end of period	21,903,753	938,455

Consolidated Tin Mines Limited
ABN 57 126 634 606

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 6 Exploration and evaluation assets

		As at 31 December 2016 \$	As at 30 June 2016 \$
Exploration and evaluation phase – at cost	(a)	39,624,995	43,845,644
Feasibility study – at cost	(b)	4,188,639	4,188,639
Total		43,813,634	48,034,283

Reconciliation of Movements in the Period

		For the half- year ended 31 December 2016 \$	For the half- year ended 31 December 2015 \$
<i>(a) In the exploration and evaluation phase</i>			
Balance at beginning of period		43,845,644	10,374,446
Exploration assets reclassified as Mining tenements		(3,993,464)	-
Exploration expenditure incurred during the period at cost		637,414	1,006,410
Exploration costs written off	(c)	(864,599)	(291,970)
Balance at end of period		39,624,995	11,088,886
<i>(b) In the feasibility study phase</i>			
Balance at beginning of period		4,188,639	4,146,420
Feasibility study incurred during the period at cost		-	42,219
Balance at end of period		4,188,639	4,188,639

- (c) Exploration costs written off include the following tenements that expired and were not renewed post balance date:

EPM 17548	Petford East
EPM 17550	Herberton Extended
EPM 17551	Smiths Creek

As these tenements were not renewed, all capitalised exploration costs of \$768,883 as at 31 December 2016 associated with these tenements were written off.

The expiry and non-renewal of these tenements reduces the Group's commitments for future exploration by \$650,000, which would have been due not later than 12 months but have been now been excluded, please see Note 17.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 6 Exploration and evaluation assets (continued)

Exploration and evaluation assets acquired have been recorded at recoverable value per independent valuation reports used in determining the valuation of the assets transferred as part of the Asset Sale Agreement which completed on 19 April 2016. The recoverability of exploration and evaluation assets carried at cost is assessed in line with AASB 136. No exploration assets have been pledged as security by the Group.

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements. The transfer of the tenements is expected to be finalised in the second half of calendar year 2017.

Note 7 Mining tenements

	As at 31 December 2016 \$	As at 30 June 2016 \$
Mining tenements	3,993,464	-
Total	3,993,464	-

Reconciliation of Movements in the Period

	For the half- year ended 31 December 2016 \$	For the half- year ended 31 December 2015 \$
Balance at beginning of period	-	-
Exploration assets reclassified as Mining tenements	3,993,464	-
Balance at end of period	3,993,464	-

Mining tenements acquired have been recorded at recoverable value per independent valuation reports used in determining the valuation of the assets transferred as part of the Asset Sale Agreement which completed on 19 April 2016. The recoverability of mining tenements carried at cost is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas of interest. No mining tenements have been pledged as security by the Group.

Tenement transfers from SPM have been delayed with the Group currently waiting on the release of documents from the Office of State Revenue. Whilst SPM remain the current holder of the legal title to the tenements, the Company has full beneficial ownership and control over the tenements. The transfer of the tenements is expected to be finalised in the second half of calendar year 2017.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 8 Bonds and deposits

	As at 31 December 2016 \$	As at 30 June 2016 \$
Bonds and deposits	310,318	314,637
Financial Assurances	11,436,299	10,766,334
Ergon Energy Infrastructure	340,000	-
Total trade and other payables	12,086,617	11,080,971

The bonds, assurances and deposits act as security for environmental bonds over tenements on which the Group has worked or is currently working.

The Financial Assurances are held in SPM's name and are awaiting transfer to the Group together with the tenements held in SPM's name (Notes 6 and 7), the Group has beneficial ownership over the Financial Assurances.

At the balance date, the Ergon Energy Infrastructure bond is held in SPM's name. At the date of signing of these half-year financial statements, the Company has lodged a new bond for the same amount with Ergon Energy, Ergon Energy returned the previous bond to SPM and SPM has transferred the funds received from Ergon to the Company.

Note 9 Trade and other payables

	As at 31 December 2016 \$	As at 30 June 2016 \$
Trade payables and accruals	23,414,666	22,443,575
Employment related payables	2,379,098	1,276,196
Payables to Snow Peak Group	5,295,102	5,295,102
Total trade and other payables	31,088,866	29,014,873

Trade payables and accruals are non-interest bearing. The Company went into Voluntary Administration (VA) in July 2016. In November 2016 creditors approved the Company enter into a Deed of Company Arrangement (DOCA) (Note 18). Pursuant to the terms of the DOCA and shareholder approval being obtained, the Company proposes to convert all current related party debt (SPM Group, directors and director related entities) totalling \$34,335,564 as at 8 December 2016 (being the date of and amount contemplated in the DOCA) into ordinary shares in the Company. Unsecured and unrelated creditors will receive a payout from the \$10m deed funds provided by Cyan Stone Pty Ltd.

Due to the short term nature of the Group's payables, the carrying amount is assumed to approximate their fair value.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 10 Loans and borrowings

	As at 31 December 2016 \$	As at 30 June 2016 \$
Convertible notes (i)	-	15,459,750
Amounts owing - Snow Peak Mining (i)	16,816,438	-
Amounts owing - Snow Peak Global Company (ii)	10,750,000	10,438,356
Loan - Ming Huang Trading (iii)	2,723,913	-
Loan – Cyan Stone (iv)	3,613,744	-
	33,904,095	25,898,106
Total loans and borrowings	33,904,095	25,898,106

(i) Convertible Notes

As part of the acquisition of SPM assets, 165,000,000 unsecured convertible notes were issued to SPM for the acquisition of tenements, mining information and records. The convertible notes had a face value of \$0.10 per note and incurred interest at 7% per annum.

Due to the Company entering VA, the administrators of SPM redeemed the convertible notes on 28 July 2016 and the convertible notes became a liability that was due and payable immediately from that date. The amount owing as at 31 December 2016 is recorded as the amount redeemed by the administrators of SPM.

Due to the redemption of the convertible notes by the administrators of SPM, the amount owing is now due and payable at call.

(ii) SPGC Loan

As part of the assumption of SPM liabilities, a \$10m loan from Snow Peak Global Company Limited (SPGC) to SPM, was assumed by the Group. The loan was repayable 12 months from the date the final loan parcel is received, which was 22 October 2015. Interest accrued at 10%, was payable quarterly and any accrued interest is included in the outstanding balance of the loan owing. On the repayment date, SPGC had the option to convert the Loan into a 10% ownership of the assets acquired by the Group under the Asset Sale Agreement, however this option was not exercised by SPGC and the amount owing is now due and payable at call.

The amounts owing to SPM and SPGC, together totalling \$27,566,438 at 31 December 2016, form part of the related party creditors whose debt is proposed to be converted into shares under the Deed of Company Arrangement.

(iii) Loan – Ming Huang Trading

During the term of the Administration of the Company, Ming Huang Trading Limited advanced to the Administrator \$2,723,913, whilst they were in control of the Company to fund care and maintenance requirements. This loan is not interest bearing and is due and payable at call.

(iv) Loan – Cyan Stone Pty Ltd

Pursuant to the Subscription Agreement (as varied), Cyan Stone Pty Ltd (Cyan) agreed to a scheduled prepayment of the subscription funds. At 31 December 2016, \$1,213,744 has been prepaid to the Administrator whilst they were in control of the Company for care and maintenance and \$2.4m has been prepaid for the subscription of shares.

Should the Group not be successful in achieving shareholder approval for the issue of shares to Cyan, the total amount that has been prepaid by Cyan will automatically be converted into a loan which will be due and payable at call and with interest accruing at 10% per annum.

Consolidated Tin Mines Limited
ABN 57 126 634 606

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 11 Non-current liabilities – Provisions

	As at 31 December 2016 \$	As at 30 June 2016 \$
Rehabilitation Provision	13,436,295	13,436,295
Total Provisions	13,436,295	13,436,295

The rehabilitation provision relates to the estimated obligation in relation to the environmental rectification works on the Group's tenements. The Group currently bases its rehabilitation provision on the value of the environmental bonds lodged with the Department of Natural Resources and Mines for each respective tenement.

With regards to the provision for the Baal Gammon project, the Company was in discussions with Baal Gammon Copper Pty Ltd (BGC) and the Department of Environment and Heritage Protection (DEHP) regarding an alternative mine closure plan prior to the Company entering Voluntary Administration (VA). No decision had been made by DEHP prior to the Company entering VA. The amount of financial assurances held in respect of Baal Gammon is \$3.75m. The Company estimated an additional cost of \$2m to progressively rehabilitate and maintain the site and therefore hold a rehabilitation provision of \$5.75m.

Whilst the Company has received no further correspondence from DEHP in respect to any requested increase, pursuant to the Australian Accounting Standards, this estimate has been included in the provision for Baal Gammon on acquisition of SPM assets and liabilities.

The value of the \$5.75m provision also closely aligns with the settlement agreement entered into by the Company with BGC in January 2017 (Note 18). However, the Company notes that the actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

Note 12 Issued capital

	31 December 2016 #	30 June 2016 #	31 December 2016 \$	30 June 2016 \$
Issued capital - Shares				
At the beginning of the period	889,970,521	889,970,521	35,749,050	35,749,050
At the end of the period	889,970,521	889,970,521	35,749,050	35,749,050

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 13 Options

As at 31 December 2016 the Company had no options over unissued shares on issue.
During the period, no shares have been issued on the exercise of options.

Note 14 Dividends

No dividends were paid or proposed during the period or comparative period.

Note 15 Related Party Transactions

During the period ended 31 December 2016, the Group incurred \$32,429 (2015: \$46,069) from NQ Mining Enterprise Pty Ltd, a company associated with Mr Ralph De Lacey, for occupancy costs. All services provided by NQ Mining Enterprise Pty Ltd were done so at an arm's length basis and on normal commercial terms. The balance owing to the director related entity as at 31 December 2016 is \$77,915 (2015: \$14,950).

During the period, the Group incurred \$56,645 (2015: nil) from ARM (NQ) Pty Ltd a company associated with Mr De Lacey, Mr Tsoi and Mr Cai. All services provided by ARM (NQ) Pty Ltd, primarily rent on the Mt Garnet residential properties, were done so at an arm's length basis and on normal commercial terms. There is a balance of \$170,814 owing as at 31 December 2016 (2015: nil).

Workforce One Pty Ltd is a company associated with Mr De Lacey, Mr Cai and Mr Tsoi. All services provided by Workforce One Pty Ltd were done so at an arm's length basis and on normal commercial terms. Whilst no costs were incurred during the six months, there is a balance of \$812,776 owing as at 31 December 2016.

During the period, the Group incurred costs of \$523,103 relating to director remuneration, of which \$180,101 was paid during the period. The Group had payables of \$681,425 owing to the directors as at 31 December 2016.

As at 31 December 2016, the Group had payables of \$5,295,102 (2015: nil) owing to SPM and Snow Peak International Investments Limited; loans owing to Snow Peak Global Company Limited of \$10,750,000 including accrued interest (2015: nil) and convertible notes issued to SPM of \$16,816,438 (2015: nil).

Wages and salaries paid to Victoria Alice Raymer, \$23,677 (2015: \$23,151), being a family member of Ralph De Lacey.

Except as stated above, there were no other related party transactions during the period.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 16 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities of the Group as at 31 December 2016 other than:

Environmental Clean-up Notice

The Department of Environment and Heritage Protection (DEHP) has issued a clean-up notice to Baal Gammon Copper Pty Ltd (BGC), Snow Peak Mining Pty and CSD. The Company is in compliance with the Clean-Up Notice.

The Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into an agreement with BGC whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project. However, should BGC fail to perform its obligation, or be placed into insolvency, the environmental liability may revert back to the Group.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

Baal Gammon Copper Action

On 19 May 2017, Baal Gammon Copper Pty Ltd initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, SPM and Cyan Stone Pty Ltd seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation.

(ii) Contingent assets

There were no material contingent assets of the Group as at 31 December 2016.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 17 Commitments

(i) Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

	As at 31 December 2016 \$	As at 30 June 2016 \$
Payable		
- not later than 12 months	2,508,250	2,961,250
- between 12 months and 5 years	5,169,500	4,016,500
- greater than 5 years	65,000	-
Total commitments	7,742,750	6,977,750

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

Not included in the above numbers is \$650,000 which would have been due not later than 12 months but have been excluded due to the expiry and non-renewal of the following tenements:

EPM 17548	Petford East
EPM 17550	Herberton Extended
EPM 17551	Smiths Creek

As these tenements were not renewed, all capitalised exploration costs of \$768,883 as at 30 June 2016 associated with these tenements were written off, please see Note 6.

(ii) Operating lease commitments

The Group has no commitments under operating leases.

(iii) Contractual capital commitments

There are no contractual capital commitments as at 30 June 2015 or 30 June 2016.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 18 Events Occurring after the Balance Date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, other than the following:

- Removal from Voluntary Administration

The joint DOCA as accepted by the Creditors and executed on 8 December 2016, was subject to a number of conditions subsequent to be satisfied by 23 January 2017. Due to recently changed ASX rules that now require the release of audited financial statements before calling an Extraordinary General Meeting of shareholders, the conditions of the DOCA could not be satisfied and were subsequently waived by Cyan. The waiving of the conditions subsequent effectuated the joint DOCA from 12 January 2017 and concluded the Voluntary Administration of the Company.

- Current and future funding

Pursuant to the Subscription Agreement (as varied), Cyan agreed to a scheduled prepayment of the subscription funds, and Cyan has prepaid \$33,213,744 (as at the date of signing this half-year financial report including bank charges deducted at source) comprising DOCA funds of \$10m, care and maintenance funds paid to the Administrator whilst they were in control of the Company, of \$1,213,744 and \$22m paid to the Group to fund operations. Cyan has agreed to prepay an additional \$846,756 to fund working capital requirements.

Under the terms of the DOCA and the Subscription Agreement, the subscription funds are to be used for the following purposes:

- a. To establish a \$10m creditors trust to be operated by the Administrators;
- b. To repay care and maintenance loans totalling \$3,937,649, provided by Cyan and Ming Huang Trading Limited (a company registered in Hong Kong) during the period of voluntary administration inclusive of bank charges deducted at source; 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 including the establishment of an exploration budget.

In the event that the EGM does not approve the conditions of the Subscription Agreement, any amounts prepaid by Cyan Stone will be automatically converted into an interest-bearing loan secured by a general security agreement and subject to interest at 10% per annum.

- Return to Mining and Processing

Immediately on return of the Company to the Directors, the Company commenced recruiting key personnel to fill all senior management positions that were then vacant. A new Senior Management Team is now in place and the Company has developed a two-year business model.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 18 Events Occurring after the Balance Date (continued)

The Mt Garnet underground mine recommenced mining on 5th July 2017 with first ore delivered to the Run-of-Mine (ROM) on 6th July 2017.

Development work is continuing at the Dry River South project, an underground mine located adjacent to the Surveyor open cut pit.

A drilling program commenced in January 2017 to identify additional base metal resources. Stage 2 drilling of the Mt Garnet Deeps prospect has been completed. The company is assessing the economic potential of the mineralisation identified in the recent drilling. The outcome of this assessment will determine the next step for this project.

The Mt Garnet Mill refurbishment is completed and processing of ore for production of concentrate has commenced.

- Exploration Activities

As part of the funds raised under the Subscription Agreement, an \$11.6M budget has been established to undertake exploration drilling on key target areas that include Einasleigh, an extension to Surveyor and additional prospects within exploration tenures held by the Group.

In addition to the drilling program conducted at the Mt Garnet Deeps prospect, two holes were drilled at the Gillian Zinc prospect, located 9 km south of Mt Garnet. Additional drilling at Gillian commenced late July 2017 targeting conceptual zinc potential located at depth beneath the Gillian Tin Project.

The first drilling program at the Chloe Prospect at Einasleigh Project is progressing, and a second drill rig has commenced drilling at the Jackson Prospect, also at Einasleigh. A third drill rig will commence drilling at the Kaiser Bill Project in August 2017.

A 14 room camp has been established at Einasleigh to reduce travel time for the exploration team.

The following tenements expired after 31 December 2016:

EPM 17548	Petford East
EPM 17550	Herberton Extended
EPM 17551	Smiths Creek

All capitalised exploration costs of \$768,883 as at 30 June 2016 associated with these tenements were written off, please see Note 6.

- Baal Gammon Mineral Rights

On 31 January 2017, the Company, the Company's wholly owned subsidiary Colinacobre Pty Ltd (Colinacobre) and SPM entered into a settlement agreement with Baal Gammon Copper Pty Ltd (BGC) whereby CSD, Colinacobre and SPM agreed to relinquish their rights under a Mineral Rights Agreement, and BGC agreed to assume responsibility and liability (including any environmental liabilities) for and in respect of the Baal Gammon Project including the assumption of the Companies' obligations under the Clean-Up Notice.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 18 Events Occurring after the Balance Date (continued)

Under the settlement agreement, the Company agreed to pay BGC an amount of \$1,800,000 and will transfer the financial assurances held with respect to the Baal Gammon Mine to BGC (\$3.75 million as at 31 December 2016). The payment to BGC is to be made over several instalments, as at the date of signing this half-year financial report, \$1,600,000 has been paid.

As a result of the settlement deed, and in return for the payments and transfer of financial assurance, on 1 February 2017, the Company transferred all rehabilitation obligations associated with the Baal Gammon Mine (\$5.75 million provisioned as at 31 December 2016) to BGC. The Company has estimated the provision in accordance with Australian Accounting Standards and this estimation has considered the subsequent settlement agreement with BGC. The actual cost of rehabilitation may differ significantly (higher or lower) from the amount provisioned due to inherent uncertainties and may not be determined until such time rehabilitation works take place.

On 1 March 2017 BGC lodged a proof of debt against the creditors trust operated by Blair Pleash and Kathleen Vouris (the Administrators) as trustees. On 6 March 2017, BGC were advised of the rejection of this proof of debt by the trustees. The Company has been informed that BGC has initiated legal action against trustees as a result of this rejection and this action remains on-going as at the date of signing this half-year financial report. This action will delay the distribution from the trust fund.

On 19 May 2017, BGC initiated legal action in the Supreme Court of Queensland against Blair Pleash and Kathleen Vouris, (the former Administrators of the Company), the Company, SPM and Cyan seeking orders that the Deed of Company Arrangement be terminated and the Company and SPM be placed into liquidation. The Company will strongly defend this action and have appointed King & Wood Mallesons as the Company's solicitors. Should BGC be successful in their action, the Company will be placed into liquidation.

Directors' Declaration

The Directors of Consolidated Tin Mines Limited (the Company) declare that:

- (a) the accompanying Half-Year Condensed Consolidated Financial Statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the financial position as at 31 December 2016 and of the performance for the half-year ended on that date of the Group.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Cairns this 17th day of August 2017.



Ralph De Lacey
Joint Executive Chairman

Independent Auditor's Review Report

To the members of Consolidated Tin Mines Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Consolidated Tin Mines Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Consolidated Tin Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed Consolidated Statement of Financial Position as at 31 December 2016.
- Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the Half-year ended on that date.
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Consolidated Tin Mines Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Material uncertainty related to going concern

Without modifying our review conclusion, attention is drawn to the director's assessment of going concern in Note 1 of the Half-year Financial Report. The matters outlined in Note 1 indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Half-year Financial Report.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Consolidated Tin Mines Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG



Daniel Camilleri
Partner

Sydney

17 August 2017