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Yunnan cheques on old fields

By Richard Roberts, [16 April 2007](#)

NEW exploration company YTC Resources Ltd has the full backing of the world's major tin producer, China's Yunnan Tin Group, for its attempt to build a sizeable production profile within 2-3 years on several old New South Wales tin fields. Yunnan has lent its name, chairman and vice chairman, and chequebook to an unlisted junior explorer for the first time, according to YTC director Richard Hill.

The company, which started rounding up the NSW tenements two years ago and exploring some of the ground in 2006, signed a partnership agreement with Yunnan in China last September. The tin producer agreed to invest \$A2.67 million in a float of YTC, which launched an \$A3.5 million initial public offering earlier this month.



Pre-IPO drilling by YTC Resources in New South Wales.

Yunnan will end up with about 33% of a listed YTC – planned to occur early May – with the Australian minnow to start life with about 41 million shares on issue and \$A6 million in the bank. Yunnan Tin group chairman Jianming Xiao is chairing the YTC board, which has geologist Rimas Kairaitis as chief executive. Non-executive directors include Stephen Woodham, whose Orange-based Southern Cross Technical & Field Services is supplying drilling rigs to YTC; Yunnan Tin vice-chairman Wenxiang Gao; former CRA general counsel and Australia-China business expert Robin Chambers; and Hill, a solicitor and geologist who was a founding director of Moly Mines Ltd and Siberia Mining Corporation.

Chambers is also a former chairman of Australian smelting technology company Ausmelt Ltd, which helped Yunnan with a major upgrade of its Chinese tin smelting and then lead smelting operations earlier this decade. Yunnan's 50,000 tonnes-per-annum Ausmelt tin smelter was built as part of a modernisation program which also focused on consolidation of tin mining in Yunnan Province and other parts of China. This was aimed partly at improving production efficiency and utilisation of substantial but finite resources that have come under increasing pressure in the face of soaring Chinese demand for tin.

One report on the world tin market out of Australia last year predicted there was a “very high probability” China would become a significant long-term tin importer. The RTMS report said sustained average prices of \$US9000-10,000 a tonne would draw increased production out of traditional mining regions, including Australia, where Metals X Ltd (formerly Bluestone Tin) and Iluka Resources Ltd (Murray Basin by-product) could lift national output from 4500t last year to 12,000tpa by 2010.

Kairaitis told *HighGrade* estimated refined tin output in China leapt by 24% to 148,000t in 2006 and was expected to rise to 165,000t this year and possibly 175,000t in 2008. Other major tin producers in Asia, Indonesia, Malaysia and Thailand, have seen output decline or stabilise such that overall supply from the world’s major tin producing region is forecast to dip about 3% to 290,000t this year before a China-led rise to 338,000t in 2008. Elsewhere, Peru’s tin output is stable at about 42,000tpa.

Total global production was pegged at 375,000t last year, below estimated consumption of about 384,000t, which was up 10% on the previous year. The supply-demand gap is tipped to widen this year to about 12,000t despite an increase in global output to 391,000t, while the picture being drawn for 2008 is one reflective of both high-level growth in tin production (425,000t) and use (424,000t).

Kairaitis said the trend of increasing demand and tightening supply had seen tin prices rise to their highest level (around \$US15,000/t) in two decades. India is yet to weigh on the demand scale, driven heavily by metal use in soldering and tin plating.

The big tin picture provides a backdrop to Yunnan’s search for secure, long-term supplies of the metal outside China, where it has led consolidation of the domestic industry.



YTC Resources CEO Rimas Kairaitis ... no barriers to rapid-fire examination of old tin fields.

“We are pretty hopeful to have a tin resource on which to commence feasibility, via exploration success or acquisition, within a 2-3 year time frame,” Kairaitis said.

“The nature of the Yunnan Group alliance is long term, and to grow YTC through establishing a production profile on existing tenements and/or advanced projects. No performance hurdles or production deadlines have been discussed with the Yunnan Group.”

Nevertheless, YTC aims to crank up modern exploration of old tin mining areas at Torrington and Stannum, and Giants Den and Fish Creek, in the Tamworth region in northern NSW, shortly after the planned listing. In the Lachlan Fold Belt to the south, YTC has tenements over the old Tallebung tin field, as well as its copper-gold targets at

Kadungle and Baldry (gold). The company has budgeted \$A2-2.5 million for exploration in the 2007-2008 fiscal year.

Hill said access to drill rigs was not a problem, with Woodham's services company initially providing one rig and putting at least one other on standby pending early results from drilling and also gravity and magnetic survey work.

He said the Torrington district produced more than 100,000t of tin concentrate between 1883 and the late 1950s and was known for its "bung" style mineralisation. The "Big Bung" mined at Harts was a 100m-by-30m-by-3m zone of mineralisation with an average grade above 10% tin (worth a cool \$US47 million at a tin price of \$US13,000/t). Harts is among more than 250 historical hard rock and alluvial tin mines on the Torrington field, which requires extensive surface and underground mapping, rock chip sampling, surface and ground magnetic surveys to help narrow the focus of future drilling programs.

YTC maintains little drilling has been done at Torrington despite the district's extensive exploration history. Three diamond core holes drilled by the company in late 2005 beneath the Harts and Dutchmans mines reportedly recorded numerous intersections of cassiterite and chalcopyrite bearing quartz-chlorite lodes up to 1.5m thick. The sections included extensions to known lode systems and several blind lodes, while the drilling also picked up previously uncharted copper and molybdenum mineralisation.

YTC wants to initially complete more than 2000m of RC drilling to test for deep lead mineralisation at Stannum, plus a further 10 diamond holes (2500-3000m) to follow up on the earlier drilling.

Similar target definition work is proposed for Giants Den and Tallebung, with the former mainly examining alluvial tin resource potential and the latter to pursue previous attempts at outlining a significant porphyry tin-tungsten resource beneath known tin lodes.

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