

Soaring tin price boosts interest in Venture Minerals

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Venture Minerals is expected to release a resource upgrade at its promising Mt Lindsay tin and tungsten project within days amid growing interest in the deposit as the price of tin soars to record highs.

Venture, one of the few Australian companies with exposure to tin, is also close to finalising a pre-feasibility study on the project, which is nestled in Tasmania's rich mining province in the state's north west and is only 15km from the Renison tin mine, which produces about 2.5 per cent of global supply.

An oversubscribed \$20 million capital raising last month will help fund the feasibility studies at Mt Lindsay, which Venture hopes will be producing at a rate of 3000 tonnes of tin a year by 2013, equivalent to about 1 per cent of global supply.

"We're just completing a resource upgrade at the moment and that will be followed shortly by a pre-feasibility statement," Venture managing director Hamish Halliday said. "We'll be straight into a bankable feasibility that we hope to complete by the end of 2011. We've only drilled seven per cent of our targets so we've got a huge amount of exploration upside going forward."

Driving interest in Venture and its Mt Lindsay project is the surging price of tin, the market darling of base metals following an extraordinary 41 per cent price rise this year to more than \$US27,000 a tonne amid a chronic shortfall in supply.

The price has more than quadrupled since 2005 when it collapsed to about \$US6000 a tonne. After soaring to more than \$US25,000 in early 2008, prices again plummeted to \$US10,000 during the global financial crisis.

But analysts believe the resurgence this time around is sustainable as Chinese demand, falling production from Indonesia, one of the world's major producers, and few new projects coming onstream continues to propel prices higher.

"Because tin was a difficult commodity to make money out of in the 1980s and '90s, there was no investment in exploration or new projects. What we're seeing at the moment is very much a muted supply response," said BGF Equities executive chairman Warwick Grigor.

"Of the tin (companies) we've seen, Mt Lindsay is one of the best positioned ones for long-term supply response."

Mr Halliday, who founded successful African-focused gold miner Adamus Resources, said the company is already attracting the attention of potential customers looking to lock in future supplies of tin, which is used predominantly in electronic soldering and tin packaging.

"You've got a metal that is suddenly used in all modern electronics and motherboards and mobile phones, which is without a doubt the major driver of the tin market.

"There are 5 billion mobile phones in the world, and they consume about 30,000 tonnes of tin a year. There is only a 6 per cent uptake of mobile phones in China, we've a 90 per cent uptake in Australia, so as that market grows the tin going into that market will grow."

While soaring prices raises the question of possible tin substitutes, Mr Halliday said the closest inert metal with a low melting temperature was silver and at \$US750,000 a tonne was unlikely to pose too much of risk.

The tiny amount of tin in mobile phones and flat screen TVs also means the rising commodity price will have little impact on the price of a phone, for example, which also diminishes any need for manufacturers to substitute the metal.

"Your average Blackberry has about 6¢ worth of tin in it so if the tin price doubles, it is a \$1000 item. It is inelastic demand to the nth degree. It is such a small component to the value of the end product."

He said Venture was preparing a list of possible customers it planned to approach over the next 12 months to facilitate offtake agreements and project financing. However, he won't be rushing into a potential deal given expectations the supply shortfall will continue.

"I think the best asset you have is your offtake. There is no doubt we see tightness of supply going forward so we will play that card when we go to finance the project. We may entertain bringing one of these players on the register as an equity investor with a fairly modest stake by way of building a relationship."

The Australian Financial Review

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