
Yunnan passes the tin around

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A MODEST listing on the Australian Securities Exchange today is poised to blaze a new trail for Chinese resource corporations.

Instead of beating the well-worn paths to Hong Kong or the Nasdaq in New York, Yunnan Tin Group, the world's biggest producer of tin, is testing the capacity of Australia - where it wants to focus its new exploration, for now - to help meet its capital needs.

It owns 50 per cent of YTC Resources, which is raising \$3.5 million. The initial public offering has been three times oversubscribed, so Yunnan Tin's ownership will be diluted to 33 per cent today.

The group's chairman - who has studied in Adelaide, and who drove the merger of six mines to form the giant Yunnan Tin - will chair the newly floated company, and its deputy general manager will also become a director.

Eight months ago, Yunnan effectively acquired a group of tenements owned by Big Sky Holdings, based in Orange, NSW. The new company intends to introduce modern technologies to explore two historical tin fields at Torrington and two gold-copper prospects at Kadungle, all in NSW.

The new YTC Resources also says it will target high-tech industrial metals, including indium - used in computer and TV screens - and tungsten.

And Yunnan's chief geologist will start to spend a large amount of his time in NSW, working on the new projects.

Tin prices have hit a series of records in 2007, partly because of an Indonesian clampdown on maverick smelters on the island of Bangka, which have been highly productive.

Only a few years ago, tin was losing its markets, but now it is increasingly used to form alloys with nickel and copper, and for computer solders.

Melbourne-based lawyer Robin Chambers, a leading figure in China's growing involvement in Australian mining, is to become the third director, representing Yunnan on the YTC board.

"The key for success will be the expertise that Yunnan Tin will bring. The first board meeting, this week, will be looking at additional opportunities as well," Mr Chambers said.

To be successful, the company "will need to inject very serious capital" - possibly hundreds of millions of dollars - Mr Chambers said. Future capital raisings will be based on a higher share price than today's 25c, he expects, "providing the areas shape up to expectations".

He said: "Other Chinese companies will be watching what Yunnan is doing in Australia and how their listing here works out. If the market capitalisation takes off, it will provide a very interesting precedent."