Wednesday, September 7, 2022

HALLGARTEN & COMPANY

Special Situations Note

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Thomson Resources

(ASX: TMZ, OTCQB: TMZRF)

Strategy: LONG

Key Metrics	
Price (AUD)	$0.024
12-Month Target Price (AUD)	$0.09
Upside to Target	275%
12mth hi-low	$0.019-$0.14
Market Cap (AUD mn)	$18.84
Shares Outstanding (millions)	785.07
(Fully Diluted)	1,188.10

Monday 8th of March 2021

Thomson Resources

Splitting out Tin to Match the Zeitgeist

- + Over the last decade, Thomson has accumulated a portfolio of silver and Tin assets in the Australian state of New South Wales
- + The company's main goal is the accumulation of a critical mass of silver and base metals assets in Northern New South Wales to create its *New England Fold Belt Hub and Spoke* (NEFBHS) project
- + Parallel to this, but operating within a difficult Tin pricing environment, it has accumulated a string of promising past producing Tin-Tungsten assets in the Wagga Tin Belt
- + Promising drilling results, particularly at Bygoo have justified this strategy
- + The Tin price moved a quantum higher in 2019-20 breaking the long depression suffered through the middle of the decade
- + This has prompted a surge of reactivation in the space and a few new listings
- + Spin-out of Tin assets in would represent an immediate payday for shareholders (via distribution of holding to stockholders)
- × Tin has retreated from its stellar highs (of over US$50,000 per tonne) in early 2022 to levels around $22,000 per tonne currently
- × This price retreat has a look of predatory Chinese walloping of the market to suit their greater goals
- × Slowing global economies make the timing of Tin's upward turn uncertain

Consolidating Base & Precious Metals and Tin in NSW

Thomson Resources holds a diverse portfolio of minerals tenements across gold, silver, base metals and tin in New South Wales and Queensland. The company's primary focus is its *New England Fold Belt Hub and Spoke* (NEFBHS) consolidation strategy in NSW and Qld border region. The strategy has been designed and executed to create a substantial precious (silver/gold), base metal (zinc, lead, copper, tin) resource hub that could be developed and potentially centrally processed.

The key projects (Webbs and Conrad Silver Projects, Texas Silver Project and Silver Spur Silver Project, as well as the Mt Carrington Gold-Silver earn-in and JV) underpinning this strategy have been strategically and aggressively acquired by Thomson.

Meanwhile, the company has revived exploration on its Bygoo Tin project in the Lachlan Fold Belt in central NSW, as well (and its sub-projects, Gibsonvale and Buddigower) in the Lachlan Fold Belt/Wagga Tin Belt in central NSW, with other Tin targets as well at Wilgaroon (near Cobar) and the Mt Paynter (near the Victorian border) projects.

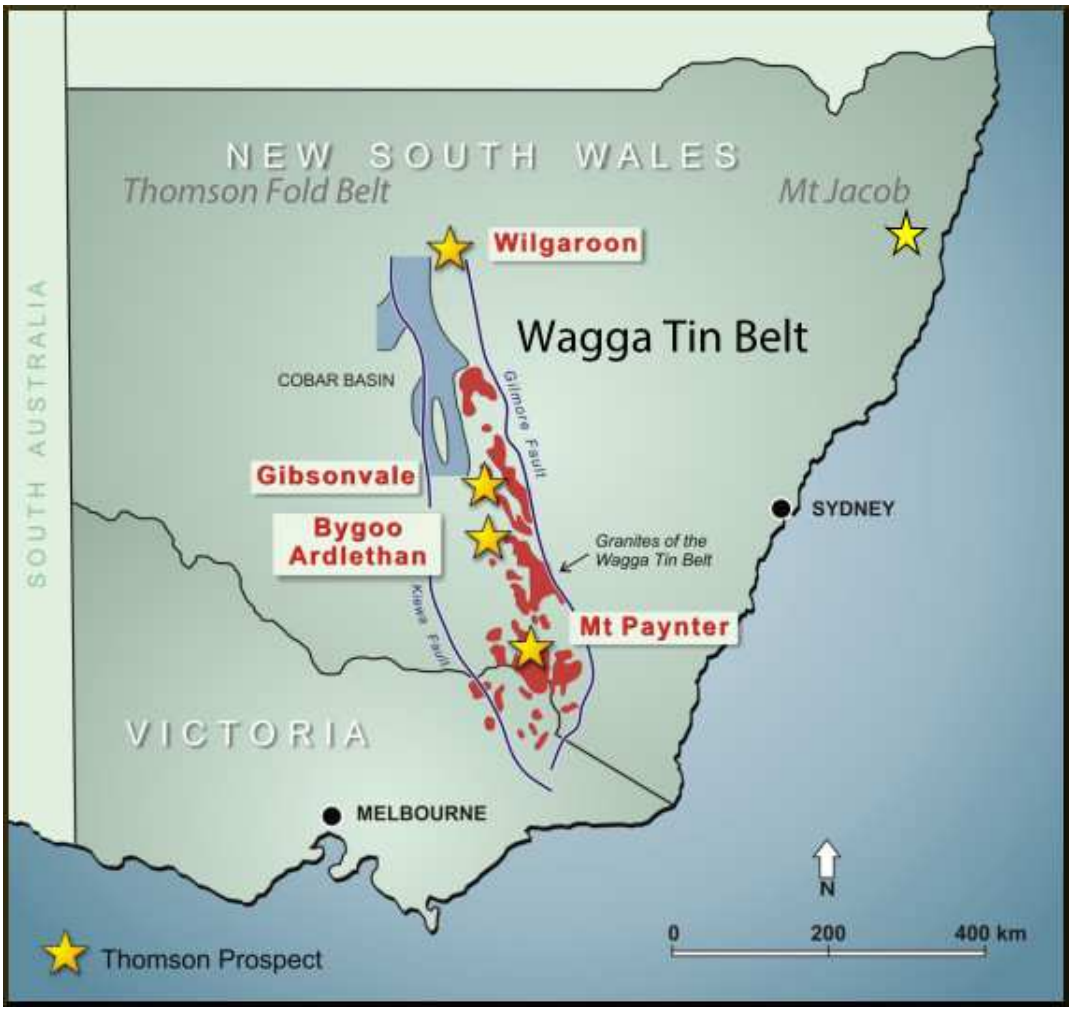
In this *Special Situations Note* we shall look at the various Tin assets, the recent exploration results and

the potential for the Tin assets to be monetized in what is a more favorable market for that metal than has existed for many decades.

Some Background

Thomson's history goes back to 2009/10 when it was spun out of Minotaur Exploration and then was subject of a pooling of assets with Variscan. While pursuing a main strategy geared to precious and base metals it has, in parallel, maintained its long term interest in evolving a tin silo.

In 2015, the company acquired the Bygoo Tin asset and staked the Mt Paynter tenements to add to its previously held Wilgaroon Tin project.

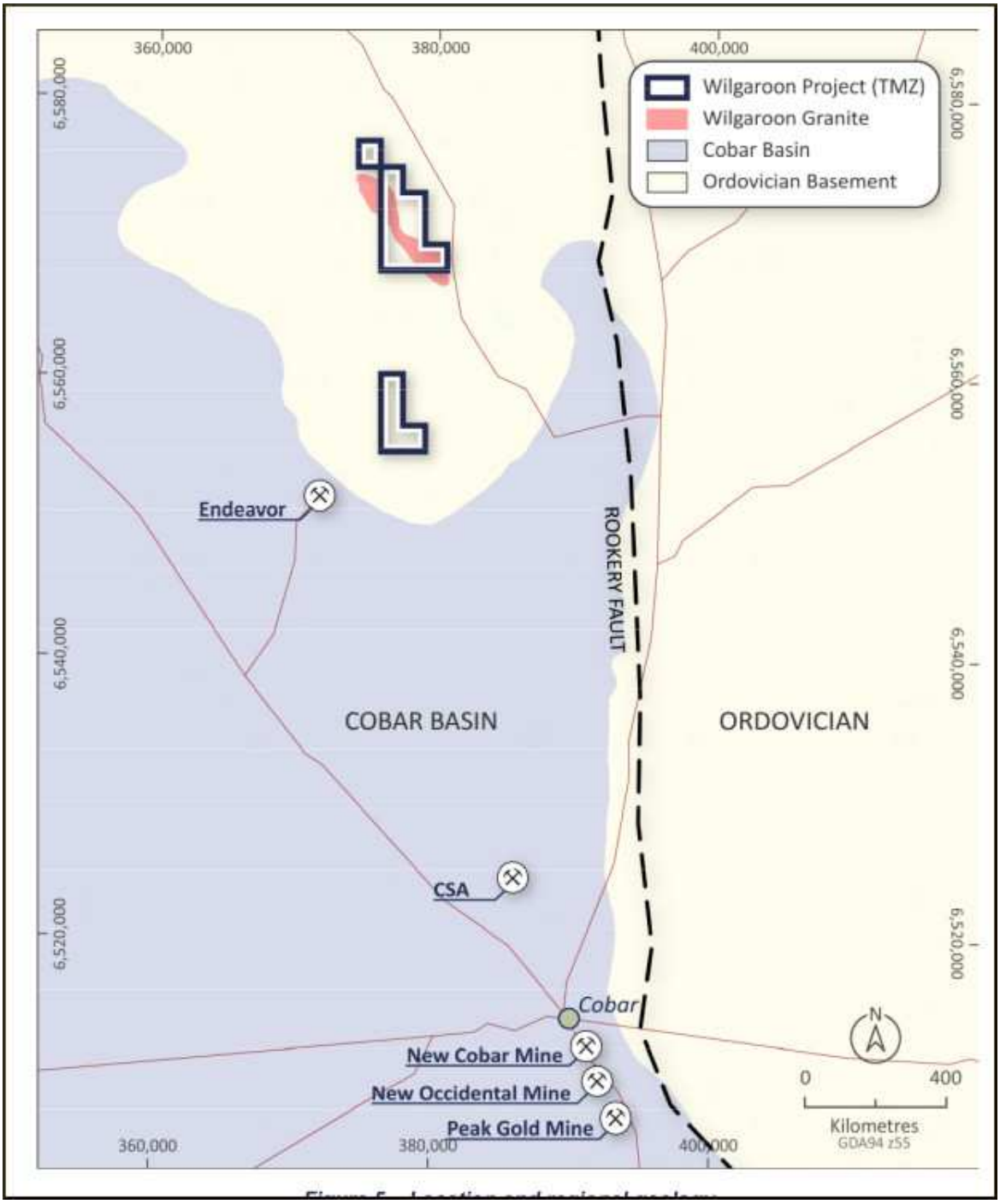


The Assets

The main subject of this note is the Bygoo Tin project in New South Wales. Beyond that the company has two other Tin prospects. These other two being:

The **Wilgaroon** Tin-Tungsten Project - this project lies on both Ardlethan and Wilgaroon granites, which

are highly fractionated and cluster together at the extreme end of numbers of granites from the Wagga Tin Belt indicating a high prospectivity for tin-tungsten enrichment.



Thomson acquired Wilgaroon in 2012. It had had only one previous drill hole in 1996; one km outboard of granite 250m of Tin-tungsten alteration and veins including best assays of 2.5% Sn, 1.4% W, 0.2g/t Au.

Thomson was awarded a New Frontiers Co-operative drilling grant in March 2020 to test a deep tin-

tungsten target. In June of 2021 the company announced that the drilling program at the Wilgaroon Tin project had concluded with one diamond hole completed for 402 metres. The drilling was designed to test for a mineralised contact or roof greisen of the Wilgaroon granite. A wide zone of tin-tungsten low grade mineralisation was intersected associated with a swarm of granitic dykes, but no mineralisation was found lower down on the granite contact itself, however, a large, mineralised tin-tungsten zone was confirmed with a 450m strike length, remaining open to the east and to the west. No further work has been undertaken since then.

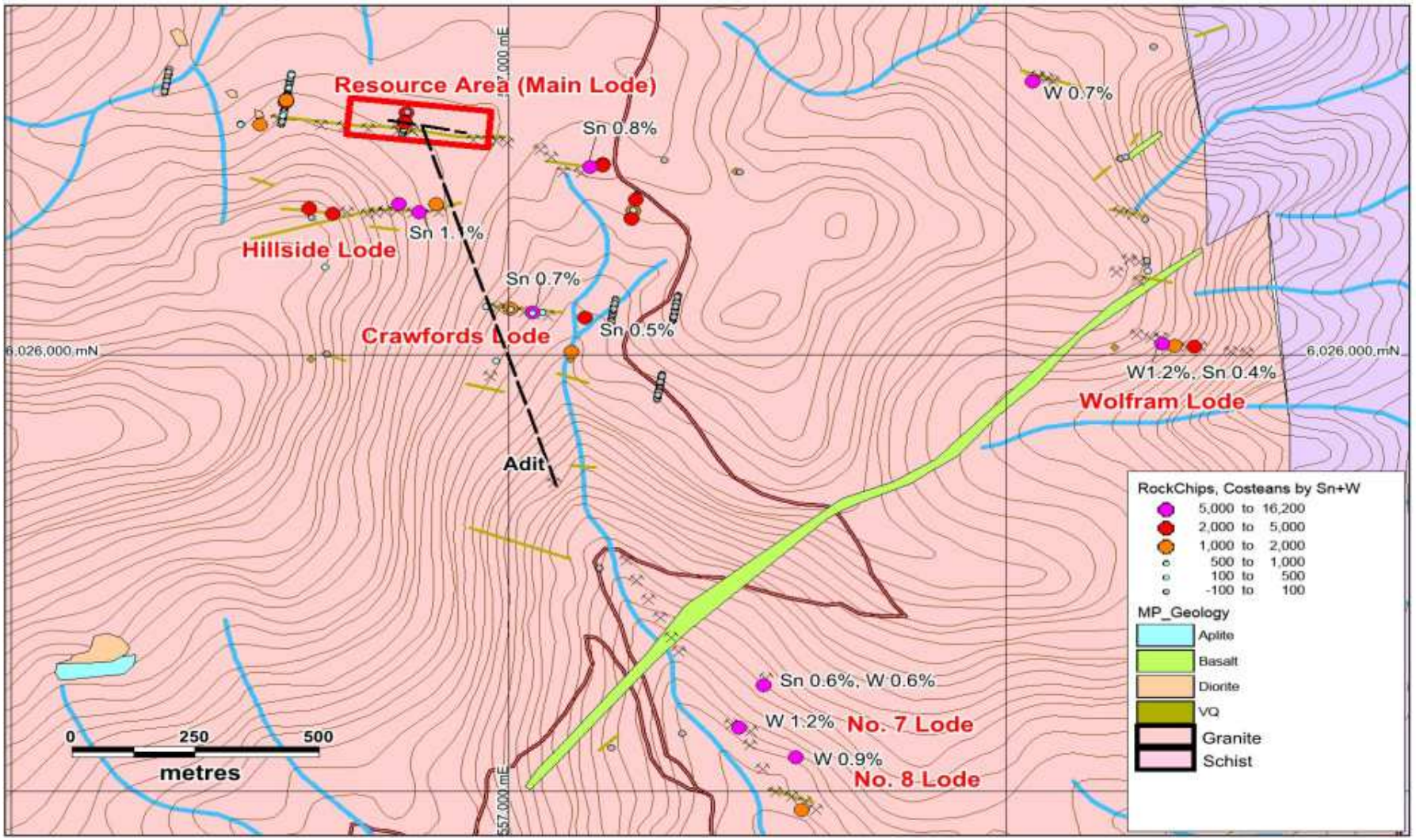
The **Mt Paynter** Tin-Tungsten Project – the project, staked in 2015, is located within the Lachlan Fold Belt within a similar geological setting to Bygoo.

Small scale mining took place at Mount Paynter between 1873 to 1930, with around 1,200 tons of ore raised and crushed for tin. One shaft was sunk to a depth of 64m. The exploration adit and sampling crosscuts were completed in 1982, but no production was undertaken. The adit and crosscuts access the Main Lode 183m below the surface outcrop.

Tin-tungsten mineralisation at Mount Paynter is hosted within the Silurian Koetong Granite and the surrounding meta-sediments. Mineralisation occurs within quartz veins and greisenised vein selvedges, containing scheelite, cassiterite and other minor accessory minerals. The main Mount Paynter lode (Main Lode) has an average width of between 1 to 2m, strikes E-W, dips sub-vertically, and can be traced on the surface for over 600m along strike and extends over 300m down dip based on current drilling information and an exploration adit and drives. A number of other quartz vein tin-tungsten lodes have also been mapped, but had not been drill tested when Thomson picked up the EL.

A small inferred JORC 2004 compliant resource was defined on the Main Lode in 2007 (see Page 8 for notes). This comprises 245,000 tons grading 0.45% tungsten and 0.27% tin (1100 tons of tungsten and 660 tons of tin). The resource was confined to the main lode structure and estimated from 19 historic diamond drill holes, 52 underground channel chip samples and 18 underground bulk samples. The latter were obtained from an exploration adit and level crosscuts. The top 5m to 10m of the lode was excluded from the resource, and most of the previous workings are confined to these shallow depths.

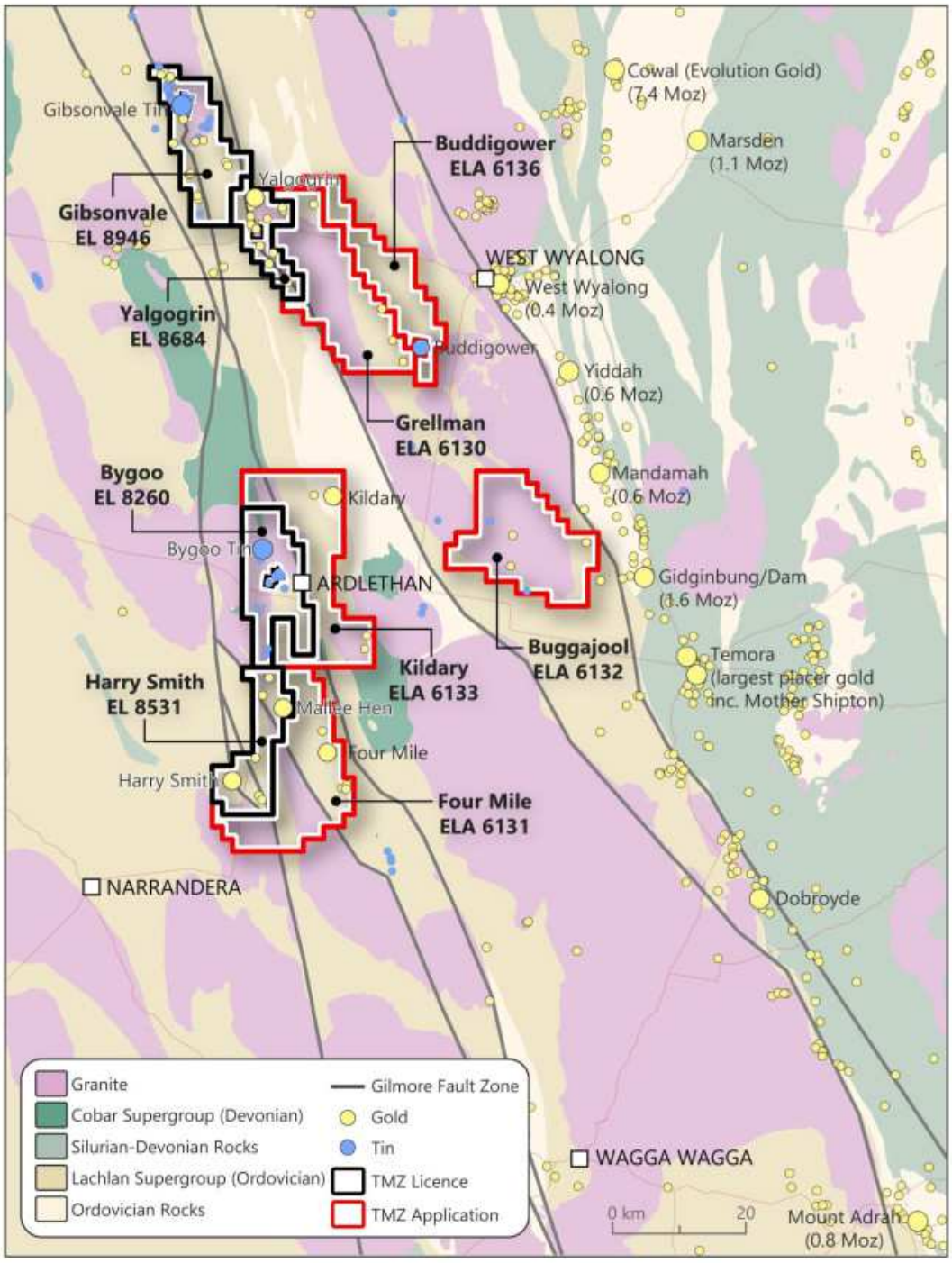
There has been no work on Mt Paynter of late and the projects needs critical mass. Of note is the Latin Resources (ASX: LRS) Peep O'Day project (EL9412) which borders Mt Paynter on the east side which may present an opportunity to bulk up the Mt Paynter project. Latin Resources have noted in their recent Quarterly that "the Company is currently in discussion with a number of third-party groups in relation to the divestment of the Peep O'Day and other non-core assets in the Lachlan Fold".



Mt Paynter Tin Project

The Projects in the Ardlethan Tin Region

The Bygoo Tin Project was acquired by Thomson Resources in 2015 and lies on the 100%-owned EL 8260. The company later added what might be termed satellite projects in the form of Gibsonvale and Buddigower. These are shown on the map below:



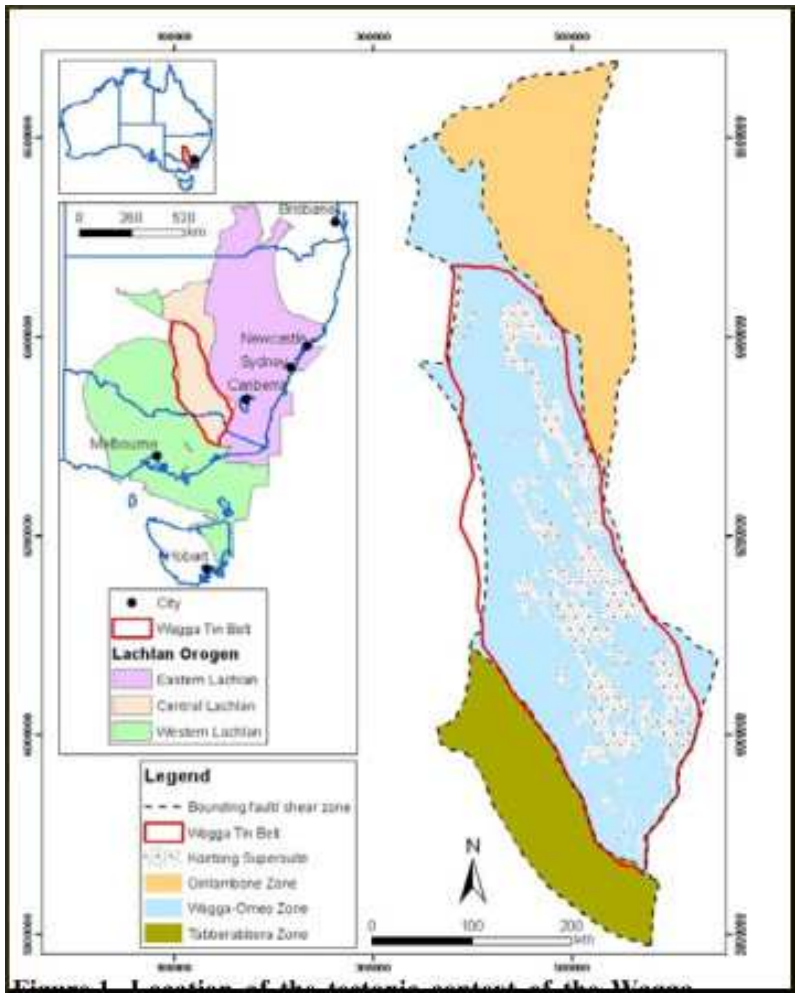
The Bygoo EL surrounds the major tin deposit at Ardlethan, the biggest tin occurrence in NSW, with an endowment of over 50,000 tonnes of contained tin. Aberfoyle Tin NL is recorded to have produced 25,000 tonnes of tin in concentrate from open cut and underground operations between 1964 and 1986. The mine itself is on mining leases excluded from the acquired exploration licences and are held by private company Australian Tin Resources Pty Ltd, who are considering recommencing operations.

Including previous holders to Ardlethan Tin, an estimated over 31,500 tonnes of tin being has been produced (reference Paterson, R.G., 1990, Ardlethan tin deposits in the Australasian Institute of Mining and Metallurgy Monograph no. 14, pages 1357-1364).

The Bygoo Deal

To complete the transaction Thomson Resources, in 2015, committed to issue eight million shares at a deemed price of 1.8c per share to the principals of Riverston Tin Pty Ltd., holder of the two ELs, in return for 100% control of the company. A further five million shares were to be issued on definition of a JORC resource in excess of 10,000 tonnes of contained tin at a cut off of 0.4% Sn. Environmental bonds of $20,000 will also be reimbursed.

There are several early-twentieth century shallow tin workings scattered up to 10km north and south of Ardlethan, and few have been tested with modern exploration. Thomson has had immediate success in drilling near two of the historic workings, Bygoo North and South, which lie towards the northern end of the tin-bearing Ardlethan Granite.

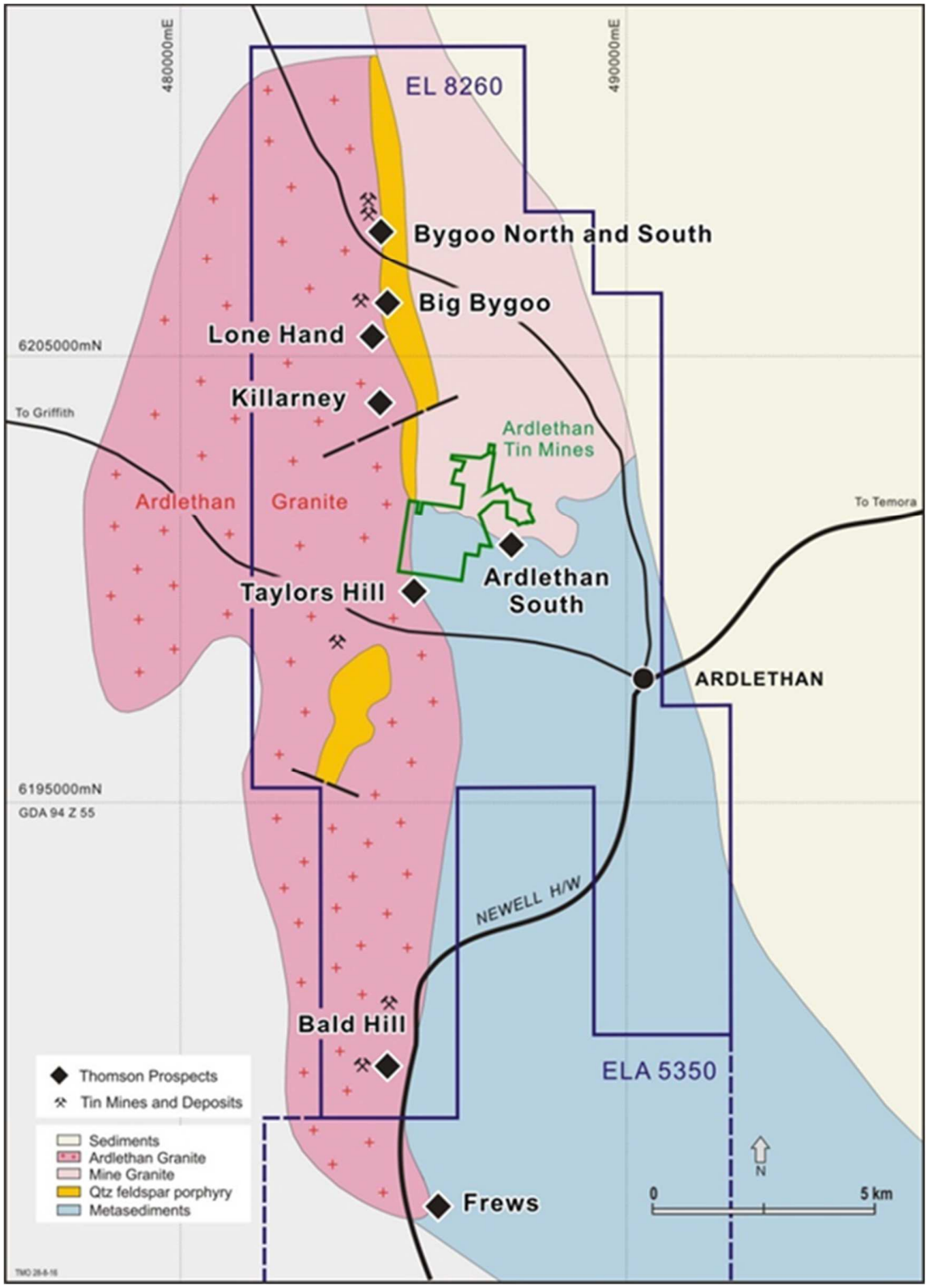


Regional Geology

The so-called Wagga Tin Belt contains numerous Tin occurrences, the largest of which is the aforementioned Ardlethan deposit with ore mined, plus deposits remaining at 15 million tonnes at 0.5% Sn for 72,500 tonnes of Sn.

The Wagga–Omeo Belt in NSW has been a significant tin, gold, silver and copper producer.

The association of tin deposits and provinces with highly fractionated granitoids has long been recognised in the central Lachlan Orogen in New South Wales, Victoria and northeastern Tasmania.



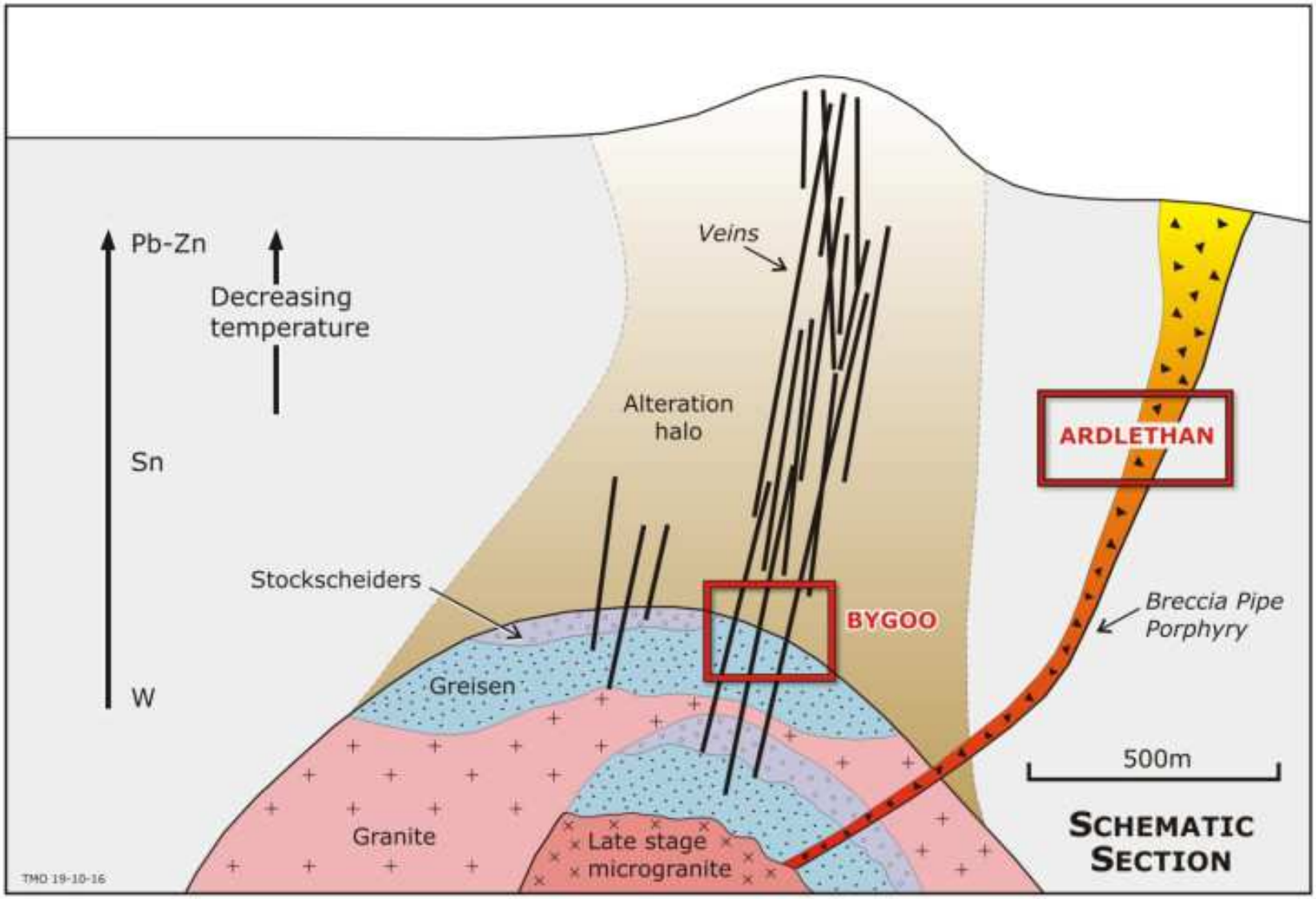
Tin was discovered in the early 1900's and has been mined at two major locations, Gibsonvale and Ardlethan. The former Gibsonvale mine is enclosed by Thomson's EL 8163 (Gibsonvale). The former Ardlethan tin mine is enclosed by Thomson's EL 8260 (Bygoo).

Project Geology

In their paper, "Integrated mineralogical and geochemical exploration for tin in the Bygoo region of the Ardlethan tin field, Southern N.S.W., Australia", the authors K.M.Scott and M.Rampe summarized the Ardlethan Granite as "…. commonly deeply weathered and has sparse outcrop. It contains small, structurally controlled tin lodes and buried disseminated mineralization which is associated with intense alteration (silicification/greisenization). Although disseminated Sn mineralization may be associated with F and peripheral As, Pb and Zn anomalies in bedrock, these geochemical associations are not consistently developed".

They went on to highlight "…. intensely altered zones, however, which are characterized by topaz and abundant muscovite development, can be readily mapped mineralogically. Comparison of geochemical and mineralogical data suggested that the distribution of F reflects its occurrence in the alteration minerals (topaz and muscovite) and the primary igneous minerals (biotite and muscovite) and does not necessarily indicate alteration/mineralization. Therefore, mapping of mineralogical zonation can be important when direct observation of alteration is difficult, e.g. in areas of deep weathering and/or transported overburden".

The cartoon on the following page shows a conceptual model for geology of the Ardlethan tin occurrence.



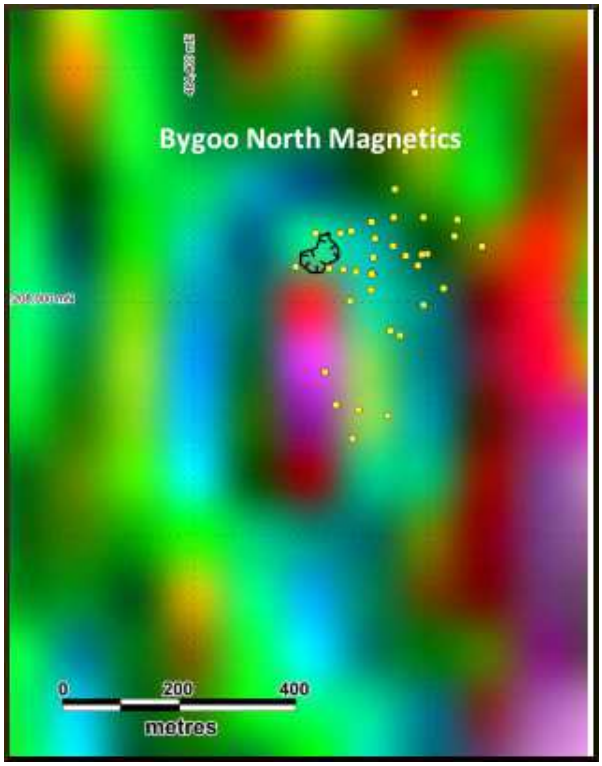
Source: Possible Tin deposits diagram from Dr Phillip L. Blevin, Geological Survey of NSW

Past exploration

Prior to Thomson's purchase of Bygoo, the work at Bygoo North included limited drilling which generated a series of strong intersections to the northeast of the magnetic anomaly, where the shallow historical workings occur. An historic hole, P380, was drilled by Cominco in joint venture with the Ardlethan Mine operators in 1976. The historic P380 hole intersected 18m at 0.5% Sn from 153m downhole.

This drilling defined tin mineralisation within greisened Ardlethan Granite, one of the major host rocks to tin mineralisation at Ardlethan.

The best drill section shows strong mineralisation in several holes with good continuity. This drilling has partly defined a sheet of mineralisation approximately 20m thick, dipping steeply to the east and open to the north and west.



Most of the former drilling at Bygoo North had been ineffective and had not tested the position of the greisen, which is inferred to wrap around the northern closure of a dome, corresponding to the magnetic anomaly shown at the right.

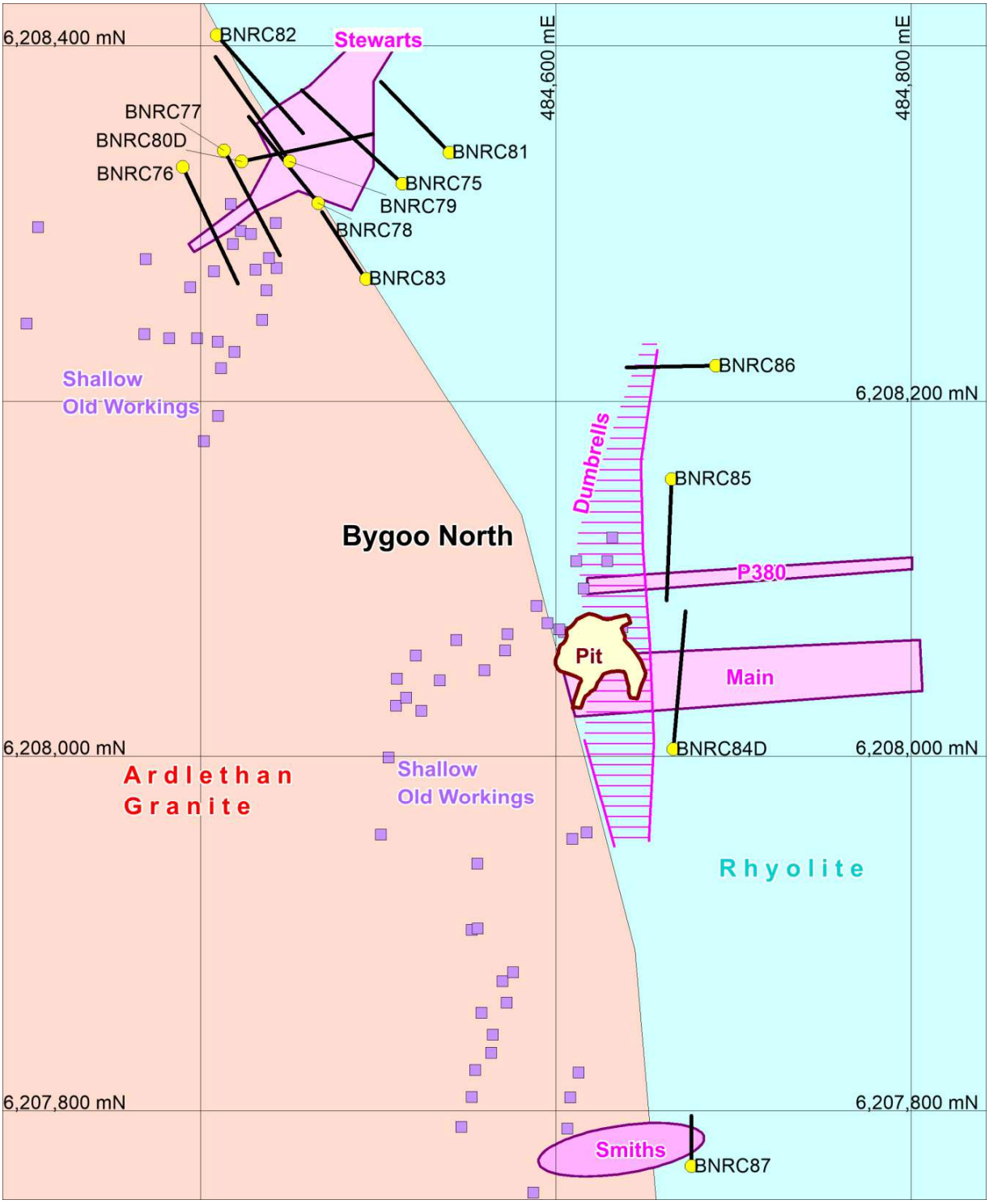
More than half of the holes (22 out of 37) were drilled vertically and missed the projected zone including all of the last holes drilled in 2008. The north, west and south part of the magnetic anomaly are virtually untested; a single hole in the south part of the prospect (P313) returned 15m at 0.5% Sn.

Cominco terminated their interest in the area soon after.

This intersection at P313, drilled in 1977, was not followed up and represents an immediate drill target.

Exploration Work at Bygoo by Thomson

At Bygoo North, the company has intersected multiple high-grade tin intersections in a quartz-topaz-cassiterite greisen including 11m at 1.0% Sn (BNRC10), 35m at 2.1% Sn (BNRC11), 11m at 1.4% Sn (BNRC13), 11m at 2.1% Sn (BNRC20), 29m at 1.0% Sn (BNRC33) and 19m at 1.0% Sn (BNRC40). The greisens appear to be steep to vertical; about 5-10m wide in true width; strike east-west; and the tin intersections appear to have continuity within the greisen.



At Bygoo South, the company has intersected a sulphide-rich quartz topaz greisen with high-grade tin

intersections including 8m at 1.3% Sn (BNRC21), 20m at 0.9% Sn (BNRC31) and 7m at 1.3% Sn (BNRC35). The orientation and geometry of this greisen is not yet clear. Some 20kms south of Bygoo the team has intersected more tin at one of the old workings in the Bald Hill tin field with a best result of 15m at 0.4% Sn from 19m depth in hole BHRC01.

Results from the new discovery at "Stewarts", 300m NW of the Main Zone, were followed up, with a highlight being an intersection of 111m at 0.45% Sn from 57m depth in BNRC69.

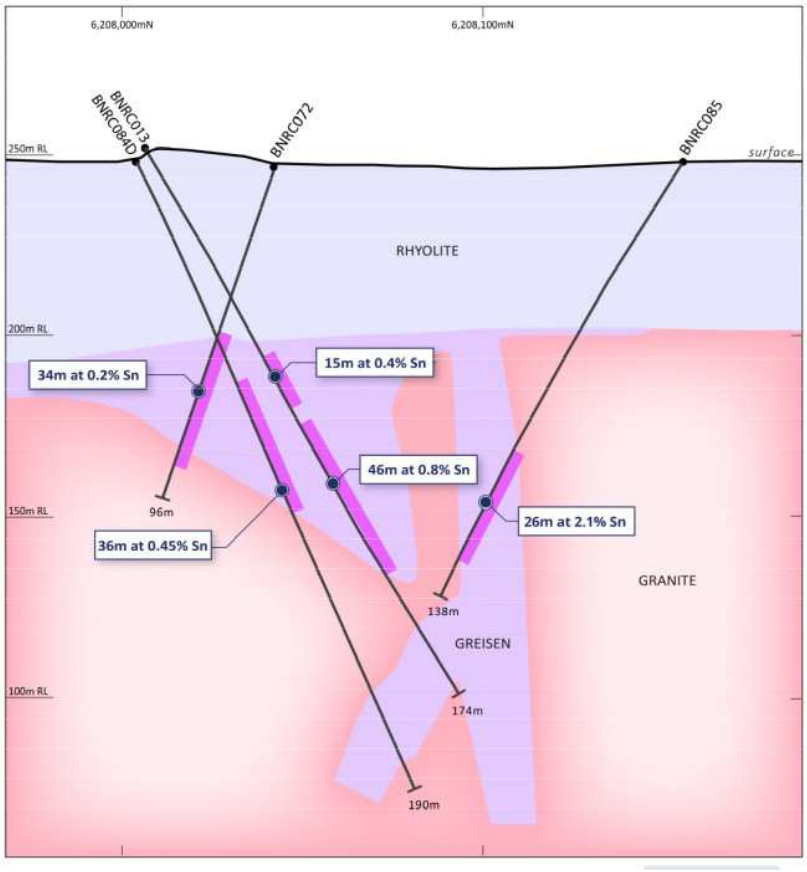
Wide tin intercepts were made of similar tenor to the intersection in BNRC69, such as 17m at 0.9% Sn from 129m depth in BNRC75; 23m at 1.0% Sn from 62m depth and 39m at 0.4% Sn from 89m depth in BNRC78; 13m at 0.4% Sn from 45m depth in BNRC79. Holes were drilled at different angles and orientations to better understand the geometry.

Recent Exploration

An exceptional result was returned from up-dip drilling on the "P380" greisen. This is a relatively newly defined zone which appears to sit about 50m north of, and parallel to, the east-west striking Main zone at Bygoo. The new zone has been named after an historic hole, P380, drilled by Cominco in 1976. The historic P380 hole intersected 18m at 0.5% Sn from 153m downhole.

Thomson has had some issues locating these old historic holes as they were drilled in a cropped paddock on a local grid. P380 was drilled east to west and this suggested that the hole may have skimmed the side of an east-west striking zone. Accordingly, in the 2021 drilling program, BNRC73 was drilled by Thomson north to south, 50m up-dip of P380 and intersected 23m at 1.4% Sn.

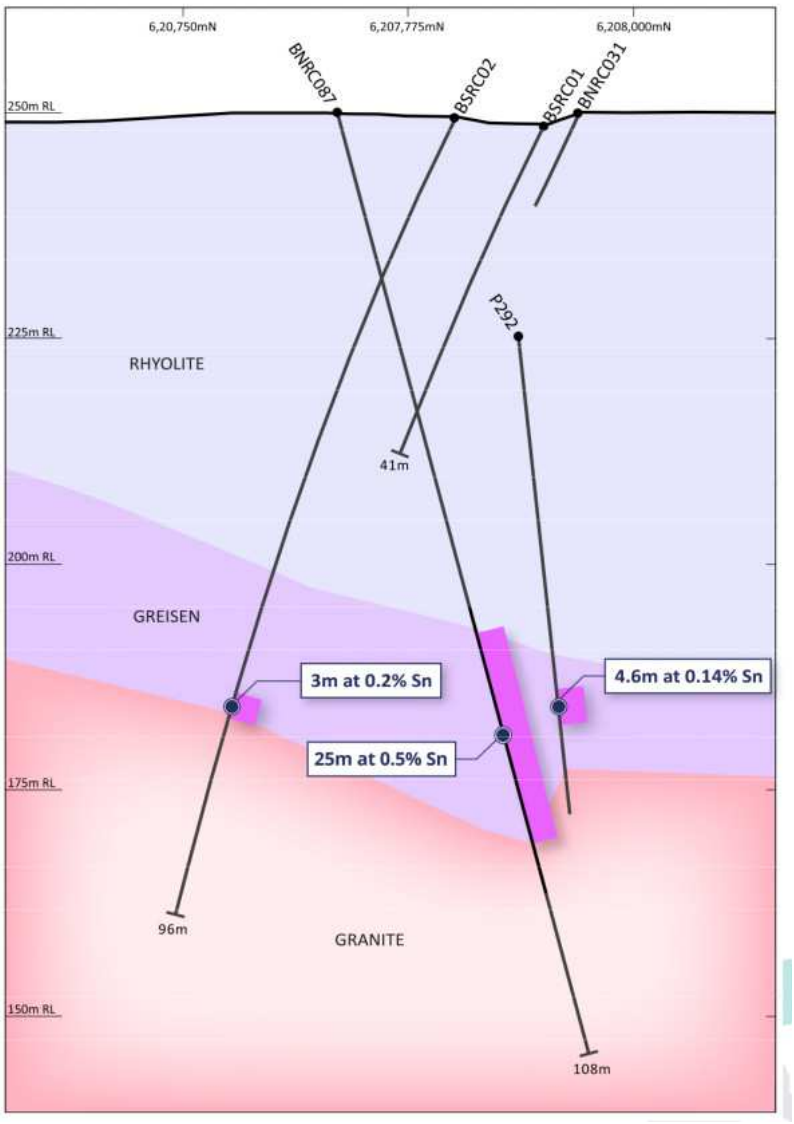
This result encouraged the drilling, in 2022, of hole BNRC85 which had a significant intercept of 26m at 2.1% Sn from 94m depth. This hole was drilled a further 40m up-dip of hole BNRC73. This intersection includes an exceptionally high-grade interval of 6m at 5% Sn from 104m depth.



Another very good result, in the technical team's estimation, was returned from the hole drilled in the Smiths greisen, which is 400m south of Main Zone. BNRC87 returned a significant intercept of 25m at 0.5% Sn from 59m depth, extending the mineralisation 35m east of the previous mineralised hole drilled in this greisen in 2017 by Thomson, hole BNRC31 which had a significant intercept of 20m at 0.9% Sn from 42m depth.

Thomson had attempted to find this extension of the Smiths greisen in the 2018 drilling program with BSRC02 but despite a wide greisen intercept the tin was lacking with a best intercept of only 3m at 0.2% Sn. A new interpretation suggested that the Smiths greisen ran between BSRC02 and the old 1976 hole, P292. The results from hole BNRC87 and the new intersection confirms this new interpretation.

Another drill hole in the 2022 drilling program, BNRC86, was completed on the northern end of the Dumbrells greisen. Although a thick greisen was intersected, the tin values were low with the best intercept being 22m at 0.1% Sn from 31m depth, with a slightly higher grade of 4m at 0.3% in the centre of that.



The table below shows a summary of the holes from recent campaign.

Bygoo - 2022 Drill Campaign	
BNRC075	4m at 0.9% Sn from 80m 4m at 0.7% Sn from 112m 17m at 0.9% Sn from 129m
BNRC076	2m at 0.3% Sn from 45m
BNRC077	2m at 0.2% Sn from 54m
BNRC078	23m at 1.0% Sn from 62m 39m at 0.4% Sn from 89m
BNRC079	13m at 0.4% Sn from 45m 3m at 0.5% Sn from 74m
BNRC080D	69.5m at 0.5% Sn from 60m 2.5m at 2.1% Sn from 70.6m 7m at 1.7% from 98.4m
BNRC81	4m at 0.1% Sn from 73m
BNRC82	36m at 0.2% Sn from 100m
BNRC083	31m at 0.4% Sn from 120m
BNRC084D	36.2m at 0.45% Sn from 69m 7m at 1.7% Sn from 98.4m
BNRC085	26m at 2.1% Sn from 94m
BNRC086	22m at 0.1% Sn from 31m
BNRC087	25m at 0.5% Sn from 59m

The plans for the recent campaign were somewhat stymied by unfavourable weather, supply chain issues and sowing of crops in the paddock. This meant that the program was not completed and all five mineralised greisens – Main, Stewarts, Dumbrells, P380 and Smiths – remain open. Drilling will recommence as soon as possible to extend these zones and work towards a maiden JORC resource.

The Exploration Target

The company has formulated an Exploration Target at Bygoo of 0.9 to 1.4 million tonnes at 0.8 to 1.4% Sn (7,200 to 20,100 tonnes of contained Tin).

The grade estimate is based upon:

- average grade in mineralised zones is 1.4% Sn
- 182 metre splits in Thomson drilling previously reported - nine drill holes over 100m
- Cut-off 0.2% Sn, internal waste up to 3m, maximum grade 11.1%
- Grade range for target - 0.8% (median) to 1.4% (average)

Further drilling is planned to test the validity of the exploration target, potentially to estimate a JORC compliant mineral resource, and is expected to be completed by Q3 2023, as a further drilling campaign is required, when the crops are off from December 2022.

It should be kept in mind that the potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Gibsonvale

This is a satellite deposit to Bygoo, but judging by the area's past production the use of the word "satellite" underplays the potential. In the area surrounded by Thomson's EL 8163 (Gibsonvale), stanniferous outcrops were discovered in the Kikoira area, to the north northwest of Ardlethan, in 1906 and rich narrow veins were mined until 1919, when a lack of water resulted in the field being abandoned.

In 1938, John Gibson found a rich tin deposit. He developed a mine and was soon employing 21 workers. The mine became known as Gibsonvale and the Gibsonvale alluvial lead was worked by underground methods. By 1940 it was employing 140 workers, producing more tin than any field in Australia outside of Tasmania. Peak production was in 1942 when 709 tonnes of concentrate were produced. Average production was 431 tonnes per year between 1939 and 1945. Production declined to 100 tonnes in 1951 and 10 tonnes in 1959.

Metals Exploration NL (which we would note is in our Model Resources Portfolio) worked the alluvial resource between 1964 and 1973 producing ~7,000 tonnes of Tin oxide. Mining of the alluvial resource finally stopped in 1986 following the plunge in tin prices precipitated by the collapse of the International Tin Council in 1985.

Past exploration has consisted of a very limited number of holes have been drilled within the area of EL 8163 (Gibsonvale). Most drilling has been targeted to defining paleo channels associated with the Gibsonvale alluvial tin deposit in areas which are excluded from EL 8163.

A report dated 1990 by Metals Exploration shows Whittaker's Lead as having "proven, probable, possible wash reserves" however no volume, grade or other supporting evidence has been found. The best result appears to have been from drillhole J620, which recorded 24.3 Kg/m^3 of cassiterite over 0.5 m (9) in alluvials from Whittaker's lead.

Buddigower

In September of 2020, Thomson announced that it had submitted an application for ELA 6136 that incorporated the Buddigower Tin Field which was subsequently granted as EL9208. That field had also reported high grades of silver (e.g. 169 oz per ton) and significant gold in surface rock chips (up to 4.8 g/t Au) in work by previous owners.

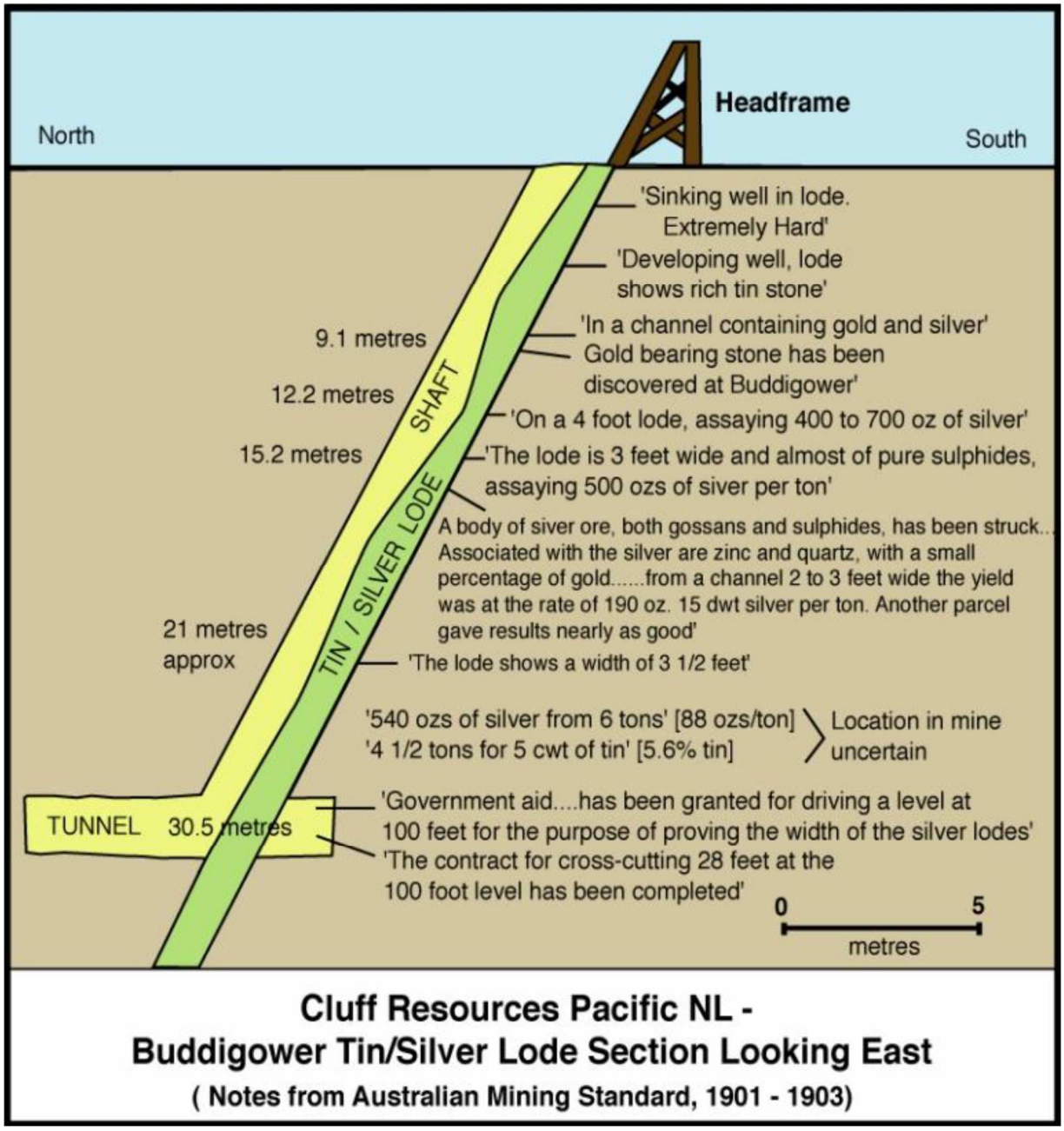
The ELA is adjacent to the prospective ground east of the "Grellman" application, ELA 6130, which is now EL9083.

The Buddigower Tin Field was discovered in 1901 by prospector J. Smith. The area was worked until 1906 with six shafts, 30m being the deepest, and many shallow open pits and costeans (trenches).

In 1967 Ardlethan Tin had an option over the area and drilled several 15m deep vertical holes over a 150m x 50m area at the central group of workings. Six holes were anomalous in tin with a best of 1.5m at 0.44% Sn at end of hole (EOH). Two further holes were drilled 100m to the southeast and both had 1.5m at 0.3% Sn.

Cluff Resources Pacific worked in the area from 2008 to 2012. The graphic on the following page was prepared by reconstructing the underground of the mine during its heyday at the start of the 20th century. It is clear that the mine was not only a Tin producer, but also rich in Silver.

Cluff compiled some of the historic mining information showing that the deepest shaft of 30m reported very high silver grades up to 700 ounces per ton with tin up to 5.6% Sn and gold also mentioned. Support for the high grades of silver was found in rock chip sampling of spoil heaps by Cluff that reported multiple samples over 500 g/t Ag, with best results of 2,260, 2,360 and 5,280 g/t Ag (the latter is 169.8 ounces per ton of silver). High values of Lead, Zinc, Tin and Tungsten were also reported (up to 5.2% Pb, 1.1% Zn, 4.8% Sn and 2.5% W).



Tin Redux

This metal is widely viewed as the pivotal technology metal. RTZ published a ranking of metals by the use in key applications and Tin was noted as, by far, the most ubiquitous and vital in making the technologies that make the modern world work.

After the collapse of the Tin Cartel in the early 1980s the metal struggled for decades to regain its position in the top tier of industrial metals (along with the big base metals). All attempts at price rallies eventually

came to grief.

The price move in Tin over the past two years has finally exorcised the ghost of the Tin Cartel which has haunted the Tin market for so many decades. No other metal has labored for so long under such a burden of history. While it took a decade to clear away the physical overhang of metal from that debacle the high-water mark in prices from the period seemed to create a point at which investors felt "beyond here there be speculators". When in reality inflation and changed/expanded usages of the metal combined with declining grades and a dry pipeline of projects set up the metal for an eventual rerating.

Curiously it was in the darkest hours of the pandemic that the definitive turn in Tin's fortunes occurred. For a long time, Tin consumers have rested upon their laurels and imagined that providence would provide them with on-going supplies at attractive prices for their margin expectations. As long as low-cost, low-tech alluvial production out of Malaysia and Indonesia could act as a price suppressant the end-users were happy and moreover unconcerned. However, such a scenario meant that there was minimal investment in new production and the pool of wannabes became very shallow indeed.

The flush of developers early last decade when prices held firm between $19-22,000 per tonne for several years has been reversed with most drifting away into other activities or meeting their demise (e.g. Kasbah). Naysayers never believed that Alphamin would make it to production and those that did feared that adding another 4% to global production would suppress prices when instead Alphamin, since the inception of its production has been able to surf the wave of price tsunami. The universe of Tin producers and serious developers is still thin despite us being two years into the (upward) correction.

We have covered the main Australian producer, Metals X (MLX.ax) before but it remains a prisoner of Yunnan Tin, undiversified and somewhat blinkered in its vision. The other developers of note are both in the Iberian Peninsula, a historic Tin mining area that had fallen into the footnotes of the history books. However, the work done by Strategic Minerals Europe (NEO:SNTA, FRA:26K0) at the Penouta mine (largely tailings reprocessing until now) and Elementos Limited (ELT.ax) at Oropesa has not even added a percentage point of new production, thus far, to an extremely constrained world supply picture.

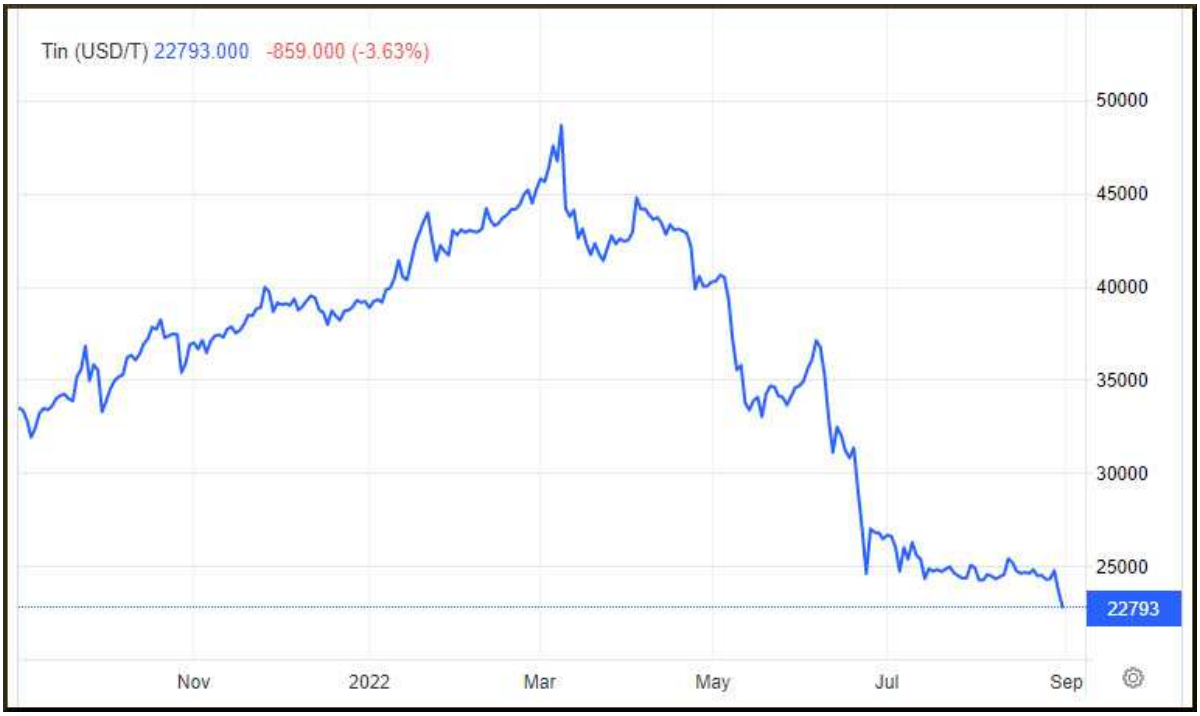
Despite the last decade showing a potential emerging supply crisis for tin, the price largely went sideways, or down. The chart below shows the last fifty years and it looks anything but a smooth ride.

Source:Trading Economics

The supply dynamic is the prime motor of the space. Future demand was incorrectly estimated by parties such as the Tin Association and the USGS at the beginning of the decade. Their premise was that a massive shift to Tin solders would fuel a shortage. This created false expectations. The decline in traditional sources and their non-replacement is tangible though. Now is a good time to be bringing on new projects, but the only projects on the horizon (and accessible in the public markets) are Mpama South, tailings reprocessing in Namibia and the two developments in Spain.

After peaking at $32,500 per tonne in 2011, the price sagged again but then spent the period between 2016 and 2019 locked in a range between US$21,000 & US$23,000.

The chart below shows the metal has faded significantly since its highs reached in March of this year, though it marked time around the $24,000 level but then made another move 10% lower in recent days.



Source: Trading Economics

Until mid-2021 we were musing as to whether the price surge had its roots in the pandemic/shipping crises but since that time it has become clearer that it is a crisis of supply. Not that supply has declined (after all Alphamin added to global supply) but rather that the sheer lack of other new supply sources combined with organic growth in tin demand has tipped the balance. This has given all tin suppliers traction again in pricing but so few have the latitude to increase production that most are just sitting back and enjoying the ride, trying to enhance their margins rather than making big expenditures in production.

There is more than a whiff of Chinese manipulation about the current pullback in Tin pricing. Chinese growth may be off-target, but its consumption should not be any lower than, say, one year ago and this

goes for Western economies as well. There has been no surge in production. This leads us to suspect that an order has come from somewhere to reset the price lower and this can be done (for a while) by selective dumping of stocks onto a soft market to achieve an inordinate downward price move.

We would expect prices to be closer to US$25k per tonne by the end of 2022 and nearer to $30k in 2023.

Financing

At the very end of July 2022, the company announced that it had entered into an AUD$2.25mn share placement agreement with Lind Global Fund II, LP. Under the agreement, Thomson is to receive a net amount of AUD$2,182,500 (after deduction of commitment fees payable to Lind of $67,500). We shall dwell more upon this transaction in an upcoming Initiation of Coverage on the main business line of Thomson.

The Lind Partners, which is NY-based, manages institutional funds that provide growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind's funds invest in syndicated equity offerings and selectively buy on market and have completed more than 100 direct investments totaling over US$1bn in transaction value since 2011.

Strategems

While it is clear that the company's main focus in the New England portfolio of precious and base metal projects, the company also has a significant vertical in Tin through its accumulation of past producing areas in the state of New South Wales. As noted earlier, Tin has recovered massively (before a significant price pullback) but the effect is to have reset perceptions in the markets towards companies advancing Tin projects. The ranks of such companies have been significantly thinned in the long price drought over the past decade but now a number of new explorer/developers have appeared.

This opens up a possibility for Thomson to spin-out its Tin interests as a standalone Tin play with a listing and Thomson shareholders receiving a distribution in specie associated with a raise at the time of the spin-out.

Thomson itself could keep some of the shares and use those possibly at some future date to finance itself by dribbling them out to the market or placing them.

No matter how the operation is structured it essentially would be a monetization of Tin assets for which the company is receiving no credit at the moment via its share price while independently funding their development away from the funds that Thomson is already to the NEFBHS. And, depending on how it is effected, it might represent a bonus to Thomson shareholders.

Valuation of Spin Out

We would expect that a spin-off of the Tin division as a standalone company (without accounting for how much cash might be raised by such an IPO) would be between AUD$15-25mn. Such a valuation is based

upon the market cap ranges that many of the new tin entrants have been valued at of late. For us, the closest analogue is First Tin (LSE:1SN) on the back of its Taronga asset. Taronga was acquired by First Tin from Aus Tin Mining (ASX: ANW). That acquisition was completed in April 2022 for AUD$1.35mn cash and 60mn 1SN shares (shares were worth AUD$31.5mn at the time). The difference that we see is that there is more potential for Bygoo to get to production than Taronga. Meanwhile the German assets of First Tin we totally discount. At the current time, First Tin has a market capitalization of GBP 34mn (AUD$57mn). Thus to envision a AUD$25mn valuation upon Thomson's tin division is not a stretch of the imagination.

Risks

Amongst the risks related to the potential spin-out of Thomson's tin division are:

- Tin price risk
- Chinese machinations in the Tin pricing market
- Financing is a challenge that comes and goes in the mining space and its sub-sectors

The Tin price comes and the Tin price goes. After a brilliant 18-month run it has fallen into a trap and dropped precipitately in what we regard as a Chinese maneuver to lower the price. The price at current levels is very attractive for production. For Thomson to monetise and capitalize upon its Tin position it has to show to the market a plan to turn its Tin assets into revenue earners or at least be on the path to doing so.

Financing conditions rise and fall with sentiment towards silver, Tin and the other metals to which Thomson has exposure. Added to this are other dynamics, like the Russian invasion of the Ukraine and the rising interest rate environment in Western economies. The last two years have been a quantum better on the financing front for junior explorers.

Conclusion

New silver projects of substance are in short supply, particularly in the Australian equities market. Thomson's accumulation strategy in northern New South Wales has been directed towards gaining critical mass by accumulating silver production assets in a cogent manner than targets a central processing site with lower capex than a *de novo* set-up.

In the background to this it has been persevering with Tin, even though the general price situation for the metal was not auspicious and financing for any type of exploration was tough going, particularly in the period 2012-2019. The pandemic, the linked shipping crisis and the coup in Burma all transpired to highlight the fragile (and dare we say, contentious) sourcing of this prime technology metal, and propel its price to eye-popping levels above US$50,000 per tonne. Gravity and the incipient global recession have transpired (with some Chinese machinations, in our humble opinion) to bring the Tin price back to earth. We do not expect it to stay below $25,000 per tonne beyond this year.

Our purpose here is to highlight the Tin potential. This was looking hotter six months ago but has now

retreated, but not to the dire levels that prevailed for so long. Any spin-out of these to shareholders would provide a short-term (unexpected) payday. It would also set free the assets to be funded in their own way without drawing upon funds from the existing parent.

In light of all this, we have afforded Thomson Resources a **LONG** rating with a twelve-month target price of AUD$0.09. This is subject to upgrading should a Tin spinout be announced and will be reviewed, in any case, when the upcoming PEA of the silver assets is published.

Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers.

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