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2

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Precious Metals Summit panel hears why UK exploration stories receive mixed response

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Getting to the core: Dalradian Resources now has about 40% of its share registry based in the UK

Amid a plethora of mostly North America-focused gold and silver stories at the Precious Metals Summit in London last week, there was an intriguing panel discussion on investment in UK mining.

The intrigue came in the accounts of three of the four panellists, who all said there was much scepticism from the UK investment community towards their UK-focused projects when they first tabled them.

"When we acquired the Curraghinalt project eight years ago and I brought the idea through London, I was universally turned down," Patrick Anderson, CEO of Northern Ireland-focused Dalradian Resources (CN:DNA), recollected.

"People said, 'we'll give you money to go to Venezuela, but not Northern Ireland'".

This was the same team that had discovered and, subsequently, sold Fruta del Norte in Ecuador to Kinross, and made a lot of money for its investors. They had gone into new jurisdictions, made discoveries and come out with a profit before.

It wasn't until December 2014 that Dalradian eventually joined AIM, more than four years after it had successfully taken the story to the Toronto market and found funding for early-stage exploration.

Now, the company has a positive feasibility study under its belt and is looking to go through the final permitting process.

"After seven years of building that success, I would say we have about 40% of our share registry in London," he said at the event.

Richard Williams, CEO of Strongbow Exploration (CN:SBW), the owner of the historic and world-renowned South Crofty tin mine in Cornwall, southwest England, had a similar experience to Anderson in 2016.

"When we first acquired South Crofty, there was very much a negative sentiment, I felt, from the UK mining community towards the project. It was, to be honest, a bit of a shock," he said.

Yes, South Crofty had come with a chequered past where previous operators had tried and failed to get the mine back up and running, but Strongbow was acquiring an asset with a mining licence out to 2071, with a known tin deposit and established underground infrastructure.

Williams and Strongbow is seemingly close to turning that sentiment in its favour having filed a preliminary economic assessment and received all permits to operate the mine.

He is hopeful of adding an AIM listing to its Toronto one in the March quarter, close to two years after announcing the acquisition.

The company with the earliest-stage project and most recent experience of bringing a new asset to the London market is privately-owned Cornish Lithium and its CEO Jeremy Wrathall.

"There is a lot of support from the public, as I think Sirius Minerals (LN:SXX) can also testify to, but a lot of negativity from, maybe, the finance industry," Wrathall said of UK projects.

One can understand approaching the Cornish Lithium story with some caution given it is planning something totally new - exploring for and, eventually, extracting lithium within the hot springs naturally occurring beneath the surface in and around Cornish granites - but as Anderson and Williams' attest, there is a general reservation that does not help the cause.

That doesn't mean to say there is no appetite for UK exploration in the UK.

There was widespread consensus from all four panellists - the fourth being Sirius' Thomas Staley - that UK retail investors were willing to back their projects and UK mining, in general.

Wrathall said his private company raised **£1 million** (US\$1.32 million) earlier this year through a number of high networth individuals, and there were many other UK retail investors looking to buy into the project should it go public.

Sirius's Staley, the only one to abstain from giving the UK investment community a kicking - possibly because it now has greater access to institutions through its LSE listing - added to this chorus saying his company's plan to build a massive polyhalite mine beneath the North Yorks Moors had always had a lot of retail support.

Such support was reflected in the equity component of its recent \$1.3 billion stage-one financing, he said.

So, while the retail support is there for early-stage exploration in the UK, the institutions and banks do not seem interested until companies had somewhat de-risked the story.

Why?

Dalradian's Anderson, Strongbow's Williams and Sirius' Staley were all complementary about the permitting process in the UK, with Williams in particular highlighting that Strongbow received a mine water discharge permit within four months of submitting an application.

"I don't think you can do that anywhere else in the world," he said.

Staley was similarly effusive.

"[In the UK] there is a very clear framework for getting approval and once you get approval it is an end-to-end process. We have a permit now for 103 years," he said.

So permitting is, evidently, not the problem.

Wrathall got closest to an answer.

"I think it is safe to say that if Cornwall was in Canada or Australia, there would be five or six mines right now mining tin, probably copper and various other things," he said, adding that the county had 2,000 historic mines to its name.

"There is an unfortunate negativism to an industry that is part of Britain's industrialist past," he said.

This is why at the early end of the project pipeline, these UK stories fail to gain the sort of traction they would in other jurisdictions.

There is an almost 'guilty, until proven innocent' mentality, with an assumption from some in the financing game that companies will not be able to successfully explore for, permit or raise the funds to build a mine in the UK.

Hopefully the building of three or four new mines over the next five years, adding to Wolf Minerals' (AU:WLF) Drakelands tungsten-tin mine in Devon, will break this.

UK explorers could then find funds in their own back yard.