Amur Minerals Corp.

07:00 01 Jun 2020

Morning View - Amur Minerals; Mkango Resources; Savannah Resources; Strategic Minerals and more...

Gold prices jump as riots weaken US dollar and new China security law on HK

MiFID II exempt information - see disclaimer below

Amur Minerals* (LON:AMC) - Kun Manie copper concentrate production

Beowulf Mining* (AIM:BEM) - Madjan Peak Shows Epithermal Gold Potential in Northern Kosovo

Mkango Resources* (LON:MKA) - Q1 Results highlight progress towards feasibility study

Rambler Metals* (AIM:RMM) - Appointment of new CEO

Savannah Resources* (AIM:SAV) - Mina do Barroso EIA submission

Strategic Minerals* (AIM:ML) - Award of US$21.9m by arbitrator

Gold prices jump as China tightens its grip on HK and racial tensions erupt into rioting in US cities

COVID-19 supressed demonstrations in HK but it’s not able suppress racial tension in the US.

China's move to increase its control on Hong Kong may damage the island's future as a trading hub.

Tiananmen Square protests on 4 June may spark further rioting in Hong Kong despite COVID-19 restrictions and fears.

We expect the COVID-19 to continue to ravage the US with so many people gathering in demonstration.

Instability in the US could hit a relatively strong US dollar causing the dollar to decline.

A weaker US dollar will naturally raise US dollar denominated gold and metals prices.

SP Angel . Morning View . B01 06 20

Price: 1.835
Market Cap: £18.52 m

1 Year Share Price Graph

August 2019 February 2020 August 2021

Share Information

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Market Cap: £18.52 m

52 week High 3.9216 Low 0.85

Sector: General mining & base metals

Website: amurminerals.com

Company Synopsis:

Amur Minerals Corporation (AMC) is a nickel copper sulphide mineral exploration company focused on the far east of Russia. The company’s principal asset is the Kun-Manie sulphide nickel, copper project located in Amur Oblast. Drill defined resources have been identified within five deposits wholly contained within a 36 square kilometre production licence.

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action@proactiveinvestors.com
Coronavirus seen disrupting raw material imports into China as overseas suppliers are disrupted by COVID-19 pandemic

Tellurium prices rise due to limited production in China and disruption of imports due to COVID-19 outside China (FastmarketsMB)

Tellurium is used in copper, stainless steel and lead. It is a key component in CdTe solar panels and is a basic ingredient for blasting caps.

A key driver is also likely to be increasing demand for tellurium in consumer electronics.

Tellurium consumption per GW of CdTe PV production is estimated at 91t indicating that 782t of Tellurium will be used in solar panels by end-2020. (mmta.co.uk)

The world was facing a potential 370t deficit of tellurium this year according to the ceo at Fortis Metals

Production of tellurium is as a by-product of copper and lead production and is considered to be an energy critical element

Tellurium prices rose 1.3% to Rmb375-385/t (52.6-54/t) in China

China - Expect more stimulus from the National People's Congress this week

$1.55tn - China - Bloomberg estimates a 'fiscal impulse of more than 11% of nominal GDP' which was estimated at US$14.14tn

We have previously assumed China at $909m $344bn of China stimulus + $565bn in special bonds for infrastructure by local authorities

$1.1tr - Japan - further stimulus to combat pandemic including significant direct spending to stop the coronavirus pandemic pushing the country's economy deeper into recession. The 117tn-yen stimulus, funded partly by a second extra budget, will be on top of another 117tn package already rolled out last month - and takes total spending in Japan at 234tn yen ($2.18tr) - 40% of Japan's GDP. To fund the costs, Japan will issue an additional 31.9 tn yen in government bonds under the second supplementary budget for the current fiscal year ending in March 2021.

$825bn (€750bn) EU - European Commission aid package yesterday aimed at supporting EU nations hit by the pandemic.

This is an expansion on the previous $543bn (€500bn) EU Crisis Recovery fund backed France and Germany + $963bn (€750bn) ECB scraps limits on sovereign bond purchases. ECB PEPP buying running at around €250bn

US$260bn - India representing 10% of GDP.

$62bn - South Korea - The government unveiled a 76tn won ($62bn) "New Deal" aimed at supporting the economy amid the pandemic focused on creating jobs and new industries through 2025.

$13.3bn - Saudi Arabia central bank will inject 50bn riyals ($13.3bn) into the banking system on top of US$43.7bn already pledged

$2tn - US fiscal package approved by Congress. US may add $0.6t state aid for mortgage markets and travel industries

The House passed a $484bn aid package to rescue small small businesses, hospitals ($75bn) and coronavirus testing
($25bn).

$2tn US - Trump looking at $2tn infrastructure fund

$700bn - US + Fed rate cut to 0-0.25% last night. The $700bn QE to buy Treasuries and mortgage-backed securities.

US Fed may soon start buying in up to $750 billion of corporate debt and ETFs

EU Finance Ministers have so far failed to agree on a strategy to mitigate the economic impact of the pandemic.

The pandemic emergency purchase programme (PEPP) and asset purchase programme (APP) have been reiterated with a cap of €750bn and €120bn, respectively.

The bank is reported to have used €100bn of the PEPP so far.

$825bn (€756bn) Germany - Bundestag approved €156bn in extra borrowing and ~€600bn in emergency funds

$996bn (108.2tn yen) - Japan + BoJ pledge for unlimited quantitative easing

400bn (£330bn) UK + $242bn (£200bn) UK QE from BoE & no business rates plus £25,000 cash grants for hospitality sector


$78bn (C$107bn) Canada, $32bn, Singapore, $22.6bn India, $19.3bn HK, $13.7bn South Korea, $10bn Switzerland, $8.4bn Italy, $7bn NZ, $3.5bn Ireland, $2bn Taiwan, $0.75bn Indonesia,

Argentina to default on $10bn of dollar debt issued til the end of the year. Does not affect the $70bn that Argentina is currently in talks to restructure.

$1,000bn - IMF available + $12bn World Bank,

>14.8tn Total up from $13.2bn based on expanded EU package and massive new Japan stimulus

Dow Jones Industrials

-0.07%

at

25,383

Nikkei 225

+0.84%

at

22,062

HK Hang Seng
+3.46%
at23,756
Shanghai Composite
+2.14%
at2,913

Economics

US - President Trump address on Friday included a series of criticism but fell short of fully escalating tensions with China, Bloomberg reports.

The speech was light on details around measures that would directly impact Beijing with S&P rising 0.5% at the close on Friday.

A series of protests erupted around major US cities following the death of George Floyd, a black Minneapolis man who died after a white police officer pressed a knee into his neck for more than eight minutes.

China - Private manufacturing PMI climbed in May to return back into an expansionary territory and beating market forecasts for another sub-50 reading.

Components of the index showed production was supported by re-stocking while business outlook also recorded a recovery.

On a less positive side, business orders remained sub-50 for a fourth consecutive month and export orders also dropped.

Caixin Manufacturing PMI: 50.7 v 49.4 in April and 49.6 est.

Official Manufacturing PMI: 50.6 v 50.8 in April and 51.1 est.

Official Services PMI: 53.6 v 53.2 in April and 53.5 est.

Japan - Contrary to other PMI reports this morning, Japan remained on a weakening trend posting a further drop in the manufacturing gauge in May.

New orders dropped at the fastest pace since Feb/09 while exports also fell drastically.

Business outlook remained weak.

Jibun Manufacturing PMI: 38.4 v 41.9 in April.
Eurozone - Final manufacturing PMI climbed from April lows but remained at severely weak levels in May as economies remained under lockdown restrictions.

Markit Eurozone Manufacturing PMI: 39.4 v 33.4 in April and 39.5 est.

UK - Chancellor of the Exchequer announced adjustments to the labour market support programme last week.

From August, employers will start contributing toward the cost of furloughed staff by paying their NI and pension contributions, Bloomberg writes.

From September, employers will take on 10% of the payroll cost of furloughed workers rising to 20% in October.

Furloughed workers will be able to return part-time from July.

Saudi Arabia - The central bank will inject 50bn riyals ($13.3bn) into the banking system to help with the slowdown in economic activity due to coronavirus and low oil prices.

The programme will be focused on helping banks to refinance and restructure loans without additional fees and support private sector employment.

Meanwhile, low oil tax revenues, economic activity levels and increased fiscal spending will see budget deficit to widen to nearly 13% of GDP this year.

South Korea - The government unveiled a 76tn won ($62bn) "New Deal" aimed at supporting the economy amid the pandemic focused on creating jobs and new industries through 2025.

The plan first unveiled in April will be partly funded by a third extra budget now being drafted.

Authorities estimate the economy to grow 0.1% this year marking the slowest pace since the 1998 Asian financial crisis, but still stronger than forecasts of a contraction by the central bank and private economists.

Industrial production fell 6% in April vs +4.7% in March

Manufacturing production fell 4.7%yoy vs 8% in March

India - Q1 GDP 2.1% vs Q4 4.7%

Japan - Retail sales fell 9.6% in April vs -4.6%

industrial production fell 9.1% in April vs -3.7% in March
Currencies

US$1.1143/eur vs 1.1101/eur last week. Yen 107.58/$ vs 107.19/$. SAR 17.406/$ vs 17.578/$. $1.241/GBP vs $1.234/GBP. 0.675/AUD vs 0.666/AUD. CNY 7.120/$ vs 7.149/$.

Commodity News

Precious metals:

Gold US$1,742/oz vs US$1,720/oz last week - Gold rises as riots in major US cities rattle investors

The price of gold to on Monday, as investors sought safe haven assets due to riots across the US and strained ties between the US and China.

The closely packed crowds of protestors across the country has sparked fears of a resurgence of Covid-19, which has already killed over 100,000 Americans.

Spot gold gained 0.9% to $1,742/oz earlier this morning, whilst US gold futures rose 0.3% to $1,756/oz (Reuters).

Gold prices are likely to see more gains in the coming weeks as tensions between the US and China escalate (Kitco).

Gold ETFs 100.2moz vs US$99.9moz last week

Platinum US$844/oz vs US$840/oz last week

Palladium US$1,962/oz vs US$1,943/oz last week

Silver US$18.32/oz vs US$17.42/oz last week

Base metals:

Copper US$ 5,438/t vs US$5,341/t last week - China copper inventories fall for eleventh straight week

Copper inventories in warehouses tracked by the Shanghai Futures Exchange dropped 17.5% to 144,988 tonnes last week, the fastest weekly drop in more than two and a half years (Reuters).

Inventories of copper cathode across the major consumption areas of Shanghai, Guangdong and Jiangsu decreased 32,500t from a week ago to 205,000t after falling 17,600t the week prior (SMM News).

Chile - Copper production up 2.8% yoy

The world's largest producer of copper saw production increase to 474,880 tonnes in April, up 2.8% compared to the same month a year ago according to data from the national statistics institute.

Total copper production in the first four months of 2020 was 1.8mt, up 4.1% compared to the same period in 2019.

Chile's copper production has remained robust throughout the pandemic, whilst other aspects of the economy have struggled, such as manufacturing output which fell 5.9% in April compared to March.

Aluminium US$ 1,550/t vs US$1,536/t last week
Nickel US$ 12,590/t vs US$12,180/t last week

Zinc US$ 1,993/t vs US$1,951/t last week

Lead US$ 1,679/t vs US$1,633/t last week

Tin US$ 15,540/t vs US$15,555/t last week

Energy:

Oil US$37.8/bbl vs US$35.0/bbl last week

Oil prices appear to have hit a ceiling following the recent move by China to pass a national security law in Hong Kong. This has served to reignite tensions between Washington and Beijing. Those tensions are now threatening over US$52bn in energy sales and have brought an end to the oil price rally. The Phase 1 trade deal between the two countries is at real risk of falling apart.

Donald Trump is set to make an announcement this Friday regarding China, and amid escalating tension and China's moves in Hong Kong, the actions will likely be punitive. China had previously pledged to make US$52bn in oil purchases over two years, a total that was always going to be hard to meet.

Natural Gas US$1.790/mmbtu vs US$1.808/mmbtu last week

Natural gas futures closed sharply lower last week. The catalysts behind the selling pressure are rising US storage inventories and US export concerns. Both are the result of a plunge in demand due to the COVID-19 pandemic. A steep drop in the number of operating natural gas and crude oil rigs seems to have had little impact on supply. Natural gas prices dropped nearly 3% yesterday as inventories built more than expected. Natural gas in storage was 2,612Bcf as of last Friday according to the EIA. This represents a net increase of 109Bcf from the previous week.

Expectations were for a 107Bcf build according to survey provider Estimize. Stocks were 778Bcf higher than last year and 423Bcf above the five-year average of 2,189Bcf. At 2,612 Bcf, total working gas is within the five-year historical range. Strong production despite continued declines in rig count has also held back gas prices. The weather is expected to remain warmer than normal for most of the US which should increase cooling demand.

Uranium US$33.95/lb vs US$34.10/lb last week.
Bulk:

Iron ore 62% Fe spot (cfr Tianjin) US$97.1/t vs US$95.3/t - Vale hit by high caseload of COVID-19 cases but mines keep operating with key workers

China iron ore prices surged over 6% on Friday

Iron ore futures rose for a fifth consecutive week due to rising production at Chinese steel mills and supply concerns in Brazil.

Capacity utilisation rates at blast furnaces in 247 mills across China rose to 91.38% from 90.49% as of Friday (Mysteel).

Supply worries in Brazil continue to rise, as the country reported a daily record of 26,417 new cases on Thursday bringing its total tally to 438,238 -second only to the US.

The most traded iron ore future on the Dalian Commodity Exchange jumped as much as 6.7% to 754 yuan ($105.50)/t - before closing up 6.4% and gaining 5% for the week (Reuters).

Iron ore stocks across 35 Chinese ports decreased 1.07mt last week to 99.39mt, 15.46mt lower than a year ago (SMM News).

Chinese steel rebar 25mm US$545.9/t vs US$540.8/t - Steel sector growth rate shrunk -84% in April 2020

Production output of the steel sector shrunk by 84% to 1.58mt in April 2020, lower than the -24% growth rate of the sector in the previous month (Hellenic Shipping News).

Thermal coal (1st year forward cif ARA) US$51.9/t vs US$52.3/t

Coking coal futures Dalian Exchange US$104.5/t vs US$114.0/t

Other:

Cobalt LME 3m US$30,000/t vs US$30,000/t

NdPr Rare Earth Oxide (China) US$38,063/t vs US$37,907/t

Lithium carbonate 99% (China) US$4,986/t vs US$4,966/t

Ferro Vanadium 80% FOB (China) US$27.5/kg vs US$27./kg -

Ferro Vanadium prices rise 0.9% in China to $28-29.5/kgV last week (FastmarketsMB)

Ferro Vanadium prices fell 1.6% in Western Europe to $24.1-25/kgV last week (FastmarketsMB)

Antimony Trioxide 99.5% EU (China) US$5./kg vs US$5./kg


Graphite flake 94% C, -100 mesh, fob China US$485/t vs US$485/t
Graphite spherical 99.95% C, 15 microns, fob China US$2,350/t vs US$2,350/t

Battery News

32GWh Norwegian Gigafactory to be up and running by 2024

Agder Energi and Noah are joining forces to push into the EV battery industry through a new company, Morrow Batteries. (The Driven)

Morrow Batteries is to build a new $4.46bn Gigafactory located in Agder county, Norway. (Forbes)

The factory will have a capacity of 32GWh supplied by four 8GWh modules.

Stage 1 of the project is set to complete in 2024, using existing battery technology whilst further stages will look to develop next generation battery technology.

The location is still to be confirmed but it likely to be in the southern country of Agder providing proximity to the European market and access to renewable hydropower.

Lithium Sulphur batteries produced at the plant will use deposited material from the Norwegian oil industry.

Mercedes-Benz €1bn ($1.1bn) investment into 9 EV battery plants across 3 continents

Mercedes-Benz has underlined its commitment to the EV revolution with a €1bn investment to build 9 EV battery plants in 7 locations across Europe, the US and Asia. (Inside EVs)

The plants will be located in Germany, Bangkok, Beijing, USA and Poland. 5 facilities will be in Germany at Kamenz, Stuttgart-Unterturkheim and Sindelfingen.

Mercedes-Benz' goal is to produce a range of 5 BEVs and 20 PHEVs models by the end of 2020, with more than 50% of passenger car sales plug ins by 2030.

The two plants at the Kamenz site have cumulatively produced 500,000 battery packs since being completed in 2012. It is expected the site will produce 500,000 battery packs annually in the near future.

£2.6m UK initiative to recycle electric car motors

Government agency Innovant UK launches ‘Rare Earth Recycling for E-Machines (RaRE) initiative. (Business Green)

Innovant have provided a £1.9m grant while 5 other project partners will provide a further £700,000.

The initiative will be the first to establish an end to end supply chain to incorporate recycled rare earth magnets into EVs. The magnets will be built into the ancillary electric motor.

The project relies on a patented process developed by the University of Birmingham which extracts and demagnetizes neodymium iron boron (NdFeB) from magnets in redundant equipment.

The magnets are recycled by HyProMag, then built into electric motors designed by Advanced Electric Machines to a
spec developed by Bentley Motors, who are all partners in the project.

Unipart designs the commercial assembly line capable of producing 100,000 units per year.

Company News

Amur Minerals* (LON:AMC) 1.2p, Mkt Cap £11m - Kun Manie copper concentrate production

The Company released results of the metallurgical study on the potential to produce a copper concentrate along with a nickel concentrate at the Kun Manie project.

The work performed by Gipronickel Institute over Q1 and Q2 showed that two separate concentrates can be produced using industry standard sulphide flotation method.

Estimates suggest the projected 6.0mt throughput may yield 39,300kt of copper concentrate (23.4% Cu) and 489,960t of nickel concentrate (10.4% Ni).

Gold and silver will predominantly report to the copper concentrate at 1.87g/t (Au in concentrate) and 21.6g/t (Ag in concentrate), respectively.

Cobalt, platinum and palladium will report to the nickel concentrate at 1.71% Co, 1.04g/t Pt and 1.20g/t Pd, respectively.

The potential to produce copper in a separate concentrate should substantially improve the economic potential of the project with the previous flotation plant scenario was based on payable nickel only derived from nickel concentrate.

Currently, Gipronickel is completing the process flowsheet and related costs related to production of a copper concentrate that would subsequently be incorporated into an economic model.

Additional revenue will affect the NiEq cut-off grade potentially increasing the Kun Manie mineral reserve and mine plan further.

Conclusion: Feasibility of recovering copper in a separate concentrate is a positive news that is likely to improve economics of the project given a potential to capture copper by-product revenues at a relatively modest increase in capital costs to accommodate production of a second flotation concentrate. Previously, the flotation concentrate production scenario assumed nickel to be the only payable metal.

*SP Angel act as Nomad and Broker to Amur Minerals

Beowulf Mining* (AIM:BEM) 6.04p, Mkt cap £36.4m - Madjan Peak Shows Epithermal Gold Potential in Northern Kosovo

(Beowulf holds 42.2% of Vadar. Beowulf also holds 100% Kallak iron ore in Sweden, 100% of Aitolampi graphite in Finland and 40% of the Mitrovica and Viti projects in Kosovo)

Beowulf Mining report on promising gold exploration results at Madjan Peak on Vadar’s Mitrovica licence in Northern Kosovo.

The gold anomaly over 1400 x 700m with soil samples showing up to 0.36g/t of gold offering potential for an epithermal gold discovery.
A previously reported rock grab sample result came in at 7.2 g/t.

New polymetallic target identified to the south of Madjan Peak containing lead-zinc-copper-gold.

This is just 3km from the Stan Terg lead-zinc-silver mine which produced some 34mt grading 3.45% lead, 2.30% zinc and 80 g/t silver.

Vardar will fly an ultra-detailed drone magnetic survey over the Mitrovica license to map the alteration zones and structures.

A full 3D IP/DC survey should also map sulphides and contrasting resistivity to highlight metallic mineralisation.

The drone survey will be flown as soon as COVID-19 restrictions allow.

Drilling will follow once the best targets have been defined later this year.

Other major epithermal gold deposits in the region include: Chelopech at over 5moz gold, Bor >9moz, and Madjanapek >8moz.

Vadar also hold's the Viti license where drilling intersected promising alteration along with gold and visible copper mineralisation indicating copper-gold porphyry potential.

Conclusion: Beowulf is making progress on a number of fronts. Madjan Peak shows promise while the graphite projects in Finland may prove to be suitable for battery-grade spheronised graphite for battery anodes and we look forward to further progress on the Kallak iron ore project in Sweden.

*SP Angel acts as Nomad and Broker to Beowulf

Mkango Resources* (LON:MKA) - 4.3p, Mkt cap £5.7m - Q1 Results highlight progress towards feasibility study

Mkango reports a net loss of US$1.5 m for the 3 months ended 31st March 2020 compared with a loss of US$0.7m for Q1 2019..

General and administrative expenses amounted to US$0.37m vs US$0.34m.

Exploration expenditure amounted to US$0.56m vs US$0.45m.

The company reports a cash balance of US$7.4m at 31st March 2020 (31st December 2109 - US$9.5m).

Mkango Resources is now targeting completion of its feasibility study in the second half of 2021 following a review of the ongoing work streams.

The company comments that, although the work is continuing, the travel and other restrictions arising from measures to contain the Covid19 pandemic it ?believes it is inevitable that some work streams will be impacted … the degree of impact is currently uncertain.?

Last week's announcement of the participation of its 75.5% owned subsidiary, Maginto Limited in the RaRE project via Maginto gives Mkango exposure to the downstream uses of rare earths magnets through recycling processes and also provides an insight into end-user requirements as it progresses the development of its primary rare-earths mine development at Songwe Hill in Malawi.

*SP Angel act as Nomad and Broker to Mkango Resources
Rambler Metals* (AIM:RMM) 1.7p, Mkt Cap £22.0m - Appointment of new CEO

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Rambler Metals reports the appointment of Dr. Toby Bradbury as President and CEO replacing Mr. Andre Booyzen as of today.

Dr. Bradbury joined the Board as an independent non-executive in April and is a professional mining-engineer with over 35 years' experience who previously served as Chief Executive of Shanta Gold where he spearheaded the transition to underground mining at the Tanzanian operations. Previous roles include those of Senior Vice President with AngloGold Ashanti, Chief Operations Officer for Anvil Mining, a copper producer in the DRC, and General Manager Surface Operations with Glencore Coal Australia.

Conclusion: Dr. Bradbury brings additional underground mining and copper production expertise to Rambler Metals as it expands the underground Ming mine in Newfoundland and the associated Nugget Pond mill and Goodyear Cove port facility.

*SP Angel act as Nomad and broker to Rambler Metals & Mining

Savannah Resources* (AIM:SAV) 3p, Mkt Cap £39m - Mina do Barroso EIA submission

Savannah Resources reports that it has submitted the mine plan and Environmental Impact Assessment (EIA) for its Mina do Barroso lithium project to the Portuguese Environmental Agency (APA) in what the company characterises as ?the key element in the Project's overall approval process?.

The comprehensive reports, comprising over 3,700 pages in the case of the EIA and more than a further 2,300 pages for the mine plan ?represents the culmination of over 18 months of work by the Company's Project team and expert, independent environmental consultants including baseline data collection, analysis, and mitigation design and planning?.

Describing the approval process, the company explains that ?The new EIA is required to reflect the proposal for a larger operation and additional, value adding processing with the production of at least 175,000t per annum of spodumene lithium concentrate … [and that] … The EIA will be made public by APA once it is satisfied that the report is in conformity with its application requirements whereupon a mandated period of public consultation with stakeholders will commence?.

The regulators review of the two reports is expected to take seven months to complete, however, ?Under the regulations APA and DGEG can pause their reviews once to request more information from Savannah. Hence, the overall process may take longer (up to 10 months) if further information is requested?.

Acknowledging the dedication and efforts of the in-house technical team and external consultants responsible for the reports, CEO, David Archer, confirmed Savannah Resources commitment to ?developing and operating Mina do Barroso in a responsible and sustainable way so that the lithium from the Project enters the battery supply chain with a minimal carbon footprint and so maximising the long term environmental benefits the metal can bring in the fight against climate change?.

The company outlines the Portuguese approval process consisting of three stages:

?The first stage ('Pre-study stage' or 'ps'), involves the evaluation of the EIA and the MP, and results in approval of the
The layout of the Project, its main characteristics and establishes some constraints to be considered in the detailed design of the Project;

The second stage ('RECAPE') provides approval of the Project's layout and defines guidelines to be followed in the Project's design, and guidelines and measures to be followed during its construction and operation.

The third stage, environmental licensing ('LA'), which runs in parallel with RECAPE, provides approval for the operation of the Project and establishes control measures and the reporting requirements of the Project's performance with respect to the environment.

Conclusion: Savannah Resources has reached an important milestone with the submission of its Mina do Barroso EIA and Mine Plan for approval by the Portuguese authorities and for public scrutiny and discussion. The recently announced participation in the EBA250 initiative underlines the project's environmental credentials and may well assist in establishing these benefits in the minds of both the regulators and the wider public. We look forward to further news as the permitting process develops.

*SP Angel acts as Nomad to Savannah Resources

Strategic Minerals* (AIM:SM) 0.7p, Mkt Cap £8.8m - Award of US$21.9m by arbitrator

Strategic Minerals reports that the arbitrator adjudicating the dispute between Strategic Minerals' subsidiary, Southern Minerals Group (which operates the Cobre magnetite project in New Mexico), and its principal customer has awarded Southern Minerals approximately US$21.9m in costs and damages?plus additional interest (comprising liquidated damages of US$4,215,000, loss of profits of US$14,090,599, punitive damages of US$3,600,000 and arbitration costs of US$23,660)?.

While confirming that it is proceeding to confirm the arbitrator's decision in the US District Court, Strategic Minerals says that its ?Client's assets [were] seized as part of a US Securities and Exchange Commission's investigation with the Court likely to appoint a receiver to manage the assets of the client mid-June 2020?.

The company points out that the ?Successful arbitration outcome puts SMG in the best possible case to seek recovery of this award, however visibility of the extent of this, if any, remains unclear pending further developments and the Company remains cautious on the ultimate outcome?.

Managing Director, John Peters, cautioned that ?Whilst heartened by the arbitrator's decision, the Board continues to advise a precautionary view be adopted in relation to the amount, if any, Southern Minerals Group may receive. However, the Board is pleased with the manner in which it has been able to crystalize the amount of the claim and to have put the Company in the best position to maximise any payment it may be able to realise over the coming year."

Despite the difficulties with this client, the Cobre project remains an important pillar of Strategic Minerals' activities with March 2020 quarter sales approximately 37% higher than the 9,472 tons achieved in the equivalent quarter of 2019 and approximately 750 tons higher than the 12,202 sold during the preceding quarter to the end of December 2019.

Conclusion: The Arbitration process has vindicated Strategic Minerals' disputed position with its client at Cobre and although the company cautions that it has still to recover the sums awarded by the arbitrator the decision has strengthened its position to maximise payments when a receiver is expected to be appointed to run the affairs of the client in mid-June.

*SP Angel acts as Nomad and Broker to Strategic Minerals
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*SP Angel are the No1 integrated nomad and broker by number of mining brokerage clients on AIM according to the AIM Advisers Ranking Guide (joint brokerships excluded)

+SP Angel employees may have previously held, or currently hold, shares in the companies mentioned in this note.

Sources of commodity prices

Gold, Platinum, Palladium, Silver
BGNL (Bloomberg Generic Composite rate, London)
Gold ETFs, Steel
Bloomberg
Copper, Aluminium, Nickel, Zinc, Lead, Tin, Cobalt
LME
Oil Brent
ICE
Natural Gas, Uranium, Iron Ore
NYMEX
Thermal Coal
Bloomberg OTC Composite
Coking Coal
SSY
RRE
Steelhome
Lithium Carbonate, Ferro Vanadium, Antimony
Asian Metal
Tungsten
Metal Bulletin

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