

Taseko Mines Ltd

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London's mining equity markets remain subdued in the run-up to Christmas

How much life is there in the mining sector at the moment?

The answer depends on who you are and where you are.

If you're in London you'll have been watching with interest the arrival of two new companies to the standard list of the main board, Adriatic Metals and Taseko Mines (TSE:TKO)(LON:TKO), names that will add a certain lustre to a sector that has, as a generalisation, been flat for a fair while now.

Taseko arrived on 22nd November, while Adriatic is due to debut within the next few days. But it's notable too that neither company raised any money on listing - on that score, London remains remarkably quiet. Taseko said simply that its new listing was part of an effort to widen its investor, while Adriatic chief Paul Cronin is hoping a London profile will help the company when it comes to raising project finance.

Issuing new equity, it seems, is out of style. The small raises that we have had recently, like the £350,000 raising from Bezant that completed on 5 December, are very much of the keep-the-lights-on variety.

Will things pick up in 2020? Hard to say if you're a UK investor. As of this moment, the uncertainty of Brexit continues to hang over the economic outlook like a sword of Damocles. And on the retail side, enthusiasm has been severely dampened by two recent high-profile local failures: Sirius Minerals (LON:SXX) and Wolf Minerals.

On the latter, it has been interesting to see the recent onward sale of the Wolf assets to a new group called Tungsten West, which is in part run by directors associated with the well-known Baker Steel funds. But the discounted acquisition price is hardly likely to give succour to those who lost out first time round, and it'll be a long haul before any kind of significant retail following can be built up for a project like that again.

And the mining financiers amongst us know it. Perhaps the most interesting development of the year was Cornish Lithium's successful crowdfunding exercise. This put enough money into the company's coffers to allow it to undertake a major drilling campaign in Cornwall, part of its ongoing efforts to establish a major new source of lithium and other metals for the UK.

Chief executive and founder Jeremy Wrathall has been around UK equity markets long enough to know a tough sell when he sees one. But it seems that in an environment when investors can be certain that value won't be wiped out by excessive spreads and short-selling there is still some appetite.

The question, though, is whether any other companies will be able to muster the broad appeal that Cornish Lithium brought to the table.

Price: 0.55

Market Cap: \$135.41 m

1 Year Share Price Graph



Share Information

Code: TKO

Listing: TSX AMEX

52 week High Low
0.8 0.28

Sector: Mining

Website: www.tasekomines.com

Company Synopsis:

Taseko Mines (TSX:TKO) owns and operates the Gibraltar Copper-Molybdenum Mines in British Columbia, Canada which is currently undergoing an expansion to increase capacity to 100 million pounds per annum of copper for at least 16 years. .

action@proactiveinvestors.com

There are some bright signs on the horizon, though. The Canadian market seems to be picking up, as the recently announced C\$360mln proposed listing of Triple Flag Precious Metals seems to indicate.

And there's also the ongoing consolidation in the gold sector to bear in mind. Endeavour Mining's (TSE:EDV) opening gambit for Centamin (LON:CEY) was coldly received, which wouldn't have surprised anyone familiar with the founding El-Raghy family. But that isn't to say that Endeavour won't come round again.

After all, there's already been a significant amount of corporate action in the gold space this year, from the disappearance of Randgold in January, through the Newmont-Goldcorp merger, to Kirkland's recent bid for Detour, and various project acquisitions by Chaarat Gold Holdings (LON:CGH) along the way.

So this is a sector that's willing to move on value, and where deals can be done. But as to the equity markets' willingness to get new ideas off the ground, that remains patchy at best.

It's cold and miserable in London at the moment, and it may be that aspirant market debutants would be better off seeking shelter until the freshness of a new year and a new decade breathes some life into things.

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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