

Galantas Gold Corp

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Dalradian Gold's public enquiry has a whiff of Sir Humphrey about it for now, but it'll start getting serious soon enough

If there's one thing the Irish know more about than the British that's beyond dispute, it's mining.

Granted, it wasn't always the case, and in the days when Britain led the world's industrial endeavours it powered them by leading the world's coal mining endeavours.

Nowadays though, mining in the UK is restricted to a few small operations dotted here and there, with very little in between.

Ireland, on the other hand, the land where gold lies at the end of every rainbow has become a world leader in - you guessed it - zinc mining. It's not overstating the case to say that Ireland is one of the world's leading zinc jurisdictions, and that if not quite on a par with Zambia's famous preponderance of copper, it is at least comparable to it.

The Zambians know more about mining than the British too, if it comes to it. Financing it is one thing, but getting on the ground and doing it is quite another.

Which is why the mining world will be watching with keen interest the progress that the UK government makes with its recently launched "public enquiry" into plans to develop the Currighinalt gold mine in County Tyrone.

This gold project, held by the now privately-owned Dalradian Gold, has been at the conceptual stage for some years. Dalradian claims to have spent more than £130m in Northern Ireland since 2009, which is quite a tidy sum, although if you break it down into an average yearly spend, the £13m you come up with doesn't seem quite so impressive.

Still, here's an opportunity for the UK to show the world it's open for business and inward investment, at a time when coronavirus has decimated the economy, thrown the government's tax receipts into complete disarray, and in which unemployment is likely to rise.

Alternatively, it's an opportunity for the government to show environmentalists that it will not bow to the pressures of industry in the further destruction of the natural world, and that it will instead allow the earth to continue to breathe.

Difficult decisions like this are traditionally shunted to the side by the inauguration of a "public enquiry", the principal aim being that by the time the enquiry is completed it will be somebody else's decision to make. It's a way of government famously pastiched by Sir Humphrey Appleby in Yes Minister, and made fun of ever since.

In that context, question one will inevitably be: is this enquiry serious?

The answer to that is yes and no.

Price: 19

Market Cap: £6.14 m

1 Year Share Price Graph



Share Information

Code: GAL

Listing: AIM

52 week High Low
27 0.7

Sector: Gold & silver

Website: www.galantas.com

Company Synopsis:

Galantas Gold Corporation is a public company, dual listed on the TSX Venture Exchange, located in Toronto and London's AIM market. Galantas owns and recently operated a producing open pit gold mine near Omagh, County Tyrone, Northern Ireland. The mine also produces by-product silver and lead. A metals concentrate is produced by safe, non-toxic processing and sold under contract to a well regulated smelter.

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It does offer the government the chance to kick the can down the line to some degree. But it will only want to do so much of that. The current parlous state of the UK economy, and the decidedly bearish outlook for the future, means that a decision on the trade-offs between the economy and the environment will be required sooner rather than later.

For its part, Dalradian is taking it seriously and is already making representations to it.

Currighinalt will, it says, generate 1,000 direct and indirect jobs, and will involve the spending of a further £170m in construction.

As to the likely outcome, that's hard to say, and very possibly will depend entirely on which particular populist wind is blowing through the government corridors on any given day.

But there are some small precedents to bear in mind. One is that there is already a gold mine with a licence to operate and a track record of production in the shape of the Omagh mine owned by Galantas Gold (LON:GAL).

This project has in the past been the subject of certain objections and has generally been able to move past them without too much trouble. More serious, indeed, has been the local laws surrounding the use of explosives, which as every miner knows, are crucial to the modern process of rock-breaking. Unfortunately, they are also crucial to the waging of terrorist campaigns and the police are a bit touchy about how they are used.

The Police Service of Northern Ireland usually requires companies to arrange for police supervision for explosives, but it's also understaffed and underfunded, and has pressing issues to deal with elsewhere. Which means that personnel aren't always available to supervise explosives, and that schedules can get derailed.

That, more than the planning issues, may turn out to be more of a hurdle for Currighinalt to get over.

Elsewhere in the UK, a gold mine was recently permitted in a national park in Scotland, the Cononish mine owned by Scotgold Resources Ltd (LON:SGZ). Its shares hit a three year high back in October of last year, on the anticipation of imminent production, and although the schedule has been somewhat derailed by coronavirus, the company remains on track and the shares have resumed their upward trajectory after a steep drop in March.

Scotgold waged a long campaign to get Cononish permitted against fierce opposition. And it won't surprise mining industry insiders to learn that the real opponents weren't the locals, who were in fact busy applying for the jobs the mine was offering, but day-trippers and weekenders from the big city, bringing some kind of 18th century idea of the sublime with them on their journey and loath to let it go. A similar dynamic could well develop at Currighinalt.

Meanwhile, investors in Conroy Gold (LON:CNR), which has extensive gold mineralization on both sides of the border, will be watching with interest. In due course, the fate of Currighinalt could affect how development on the Conroy properties goes too. UK government ministers should be mindful that with Conroy's ground straddling the border, a bad decision on Currighinalt could result in the company focusing its efforts in a country that knows a lot more about mining.

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