Behind the scenes â?? the Cononish gold mine application

Description



A sign no more. This sign had been put up by Scotgold Resources beyond the perimeter of the pro boundary to the Cononish gold mine and several hundred metres before the boundary marking the c workings. It therefore contravened access rights but I am delighted to be able to report that, after the intervention of the LLTNPAâ??s access team, Scotgold agreed to remove it.

On 7th December, the same day that Bill Stephenâ??s objection to the Cononish goldmine planning application was published (see here), Scotgold Resources lodged an Addendum to their Environmental Statement, a document which in turn included another five 5 addenda of its own. A a few days later, on 13th December, they lodged a response to the objections made by myself and Mountaineering

Scotland (see here). Both documents appear to have been lodged in the expectation that the Loch Lomond and Trossachs National Park Authority would shortly hear the planning application at a meeting of the full Board (there was a paper proposing this at their December meeting). I will consider this additional documentation in my next post on Cononish but meantime will consider here what is going on behind the scenes.

First, however, the timescales for determining the planning application. Scotgold has been telling its shareholders all year that its revised planning application would be approved in December and mining would start early in 2018. Under the Environmental Impact Assessment Regulations, however, changes to Environmental Statements need to be advertised and consulted on and the LLTNPA only did this on 5th January. As a consequence the special Board Meeting they had scheduled at the end of January to consider the application cannot now be held until well into February. That extends the time people can object to the application.

What is going on at Scotgold Resources?

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While the documents relating to the Environmental Assessment were submitted under the name of Scotgold resources, the actual planning application as lodged in August was from a new company, SGZ Cononish Ltd which was incorporated on 21st June 2017. It has two Directors, the Managing Director, Richard Gray, who is a mining engineer, and Nathaniel Le Roux, who became chair of Scotgold Resources in March 2015 (see here) and owns 25-50% of shares in the new company. There has been NO mention of this new company that I can see anywhere on the Scotgold Resources website which makes it difficult for shareholders, the public and indeed our National Park Authority to work out what is going on. I have been having a looking through company documentation which has revealed some interesting information.

Nathaniel Le Roux appears to have a significant control in the SGZ Cononish Ltd through his significant control in Scotgold Resources which owns it:

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with

Mr Nat le Roux	6,322,209
Mr Richard Milne Harris	680,000
Mr Graham Donaldson & Mrs Christine Donaldson	508,143

Meantime Scotgoldâ??s accounts show what money Mr Le Roux has been lending to Scotgold Resources over the last 15 months:

Shareholder loans

On 30 September 2016 The Company entered into an interest bearing loan agreeme
Company's non executive Chairman and major shareholder, for an amount of £300,0
were used to repay the Convertible Note of £300,000 ($508,200) which expired on 30

The loan was unsecured, interest was charged at 6% per annum and the loan could r
September 2018. The loan could be repaid with accrued interest at any time at the e
loan and interest were fully repaid on 14 March 2017.

On 14 March 2017 the Company entered into a second short term loan agreement fo
The term of the loan is one year ending on 14 March 2018 with an interest rate of 10
repayable at the expiry of the term with interest. The loan is secured by a charge ove

The £1,000,000 funds have been used to fully repay the existing £300,000 loan facilit
pa) provided by Nat Le Roux.

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This shows that an UNSECURED 6% LOAN from Mr Le Roux which was due to be repaid in September 2018 was paid back in March 2017, i.e 18 months early, and replaced by a SECURED 10% LOAN which paid him a significantly higher rate of interest for a less risky own (as secured on the companyâ??s assets). Its not clear from the accounts how Scotgold Resources dealt with the obvious conflict of interest with its Board of Directors agreeing a far more advantageous loan to one of its fellow Directors and the main shareholder in the Company. It is legitimate to ask however if this was in the interests of any other shareholders?

Mr Le Rouxâ??s degree of control over Scotgold Resources appears likely to increase further in the near future if it has not already done so. On 13th November, Scotgold Resources published a Rights Issue (see here), an attempt to raise further capital, by offering two new shares for every three existing ones to shareholders and then another share for every five new shares. Complicated, but if small shareholders do not sign up and Mr Le Roux takes up his rights, he will have ended up with a majority of shares in the company and therefore absolute control.

Mr Le Rouxâ?? shares donâ??t appear in his own name but appear to be held by Hargreave Hale Nominees Ltd:

SHAREHOLDER DETAILS

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TOP TWENTY SHAREHOLDERS

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	Name	Shares
1	HARGREAVE HALE NOMINEES LIMITED	6,325,61
2	HSDL NOMINEES LIMITED	1,043,75
3	HARGREAVES LANSDOWN (NOMINEES) LIMITED	936,450
4	TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED	754,052
5	JIM NOMINEES LIMITED	611,237
6	BARCLAYS DIRECT INVESTING NOMINEES LIMITED	460,539
7	INVESTOR NOMINEES LIMITED	457,976
8	BEAUFORT NOMINEES LIMITED	353,079
9	MR GRAHAM DONALDSON & MRS CHRISTINE DONALDSON	347,368
10	ALLIANCE TRUST SAVINGS NOMINEES LTD	294,497
11	SVS (NOMINEES) LIMITED	257,566
12	GOLDEN MATRIX HOLDINGS PTY LTD	255,000
13	SHARE NOMINEES LTD	226,771
14	HSBC CUSTODY NOMINEES	210,555
15	HSBC CLIENT HOLDINGS NOMINEE (UK) LIMITED	200,884
16	WEALTH NOMINEES LIMITED	184,873
17	MR ALEXANDER LITTLEJOHN	170,001
18	PERSHING INTERNATIONAL NOMINEES LIMITED	160,386
19	VIDACOS NOMINEES LIMITED	160,196
20	MR RICHARD MILNE HARRIS	150,000
	TOTAL	**13,560,79**

While almost the entire Hargreave Hale Nominees Ltd shareholding would appear to belong to Mr Le Roux, for some of the other â??nomineeâ?• shareholders, who holds shares on behalf of individuals, that is unlikely to be the case. Hargreave Landsdowne, for example, deal in and hold shares for small shareholders and their holding therefore is likely to represent holdings by a number of smaller shareholders. That probably increases Mr Le Rouxâ??s control of the company further.

Hargreave Hale Nominees Ltdâ??s function appears to be purely to hold shares as it does not trade and does not therefore have to lodge accounts.

While Mr Le Roux has currently waived his fees as a Director of Scotgold, Richard Gray the Managing Director earned $168,180 or approximately Â£100,000:

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Director/Executive	Associated Company	Sho Fee $
Year ended 30 June 2016		
Nat le Roux		32
Richard Gray		
Richard Harris	Golden Matrix Holdings Pty Ltd	17
Chris Sangster		18
Phillip Jackson	Holihox Pty Ltd	22
Gabriel Chiappini	Laurus Corporate Services Pty Ltd	1
Peter Newcomb	Symbios Pty Ltd	
		92
Year ended 30 June 2017		
Nat le Roux	*	
Richard Gray		
Chris Sangster		17
Phillip Jackson	Holihox Pty Ltd	17
Gabriel Chiappini	Laurus Corporate Services Pty Ltd	14
Peter Newcomb	Symbios Pty Ltd	
		49

* Mr le Roux has waived his director fees for the time being

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A â??possible appropriate sustainable legacyâ?•?



Scotgold has always presented itself as benefitting the local community and indeed committed to paying Â£350k over the lifetime of the mine to the Strathfillan Community Development Trust should it ever go ahead. Now I am not against local jobs but the mine may have a lifetime of 8-17 years â?? hardly â??permanentâ?• jobs â?? while Â£350k seems a small price for the creation of what will be a huge dump above Strathfillan which has the potential, if it does not work, to blight it for hundreds of years.

I believe its worth contrasting the picture being sold by Scotgold with what the accounts show. That is that the main beneficiary from the mine, should it go ahead and make money, will be one person, Nathaniel Le Roux. Depending on your perspective you can either see this as an example of benevolent paternalism or ruthless city exploitation. I happen to believe that neither should have a place in our National Parks. What price so called sustainable economic development?

Category

1. Loch Lomond and Trossachs

Tags

1. Development Plan
2. LLTNPA
3. planning

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