

UK's last gold mine set to reopen

Soaring price of precious metals makes drilling viable after a decade of idleness

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Chris Sangster, Scotgold's chief executive at the Scottish Cononish gold mine.
Photograph: Murdo Macleod

Britain's unexploited mineral wealth could be about to come into its own: with the price of gold predicted to soar above £500 an ounce over the next six months, drilling at one of the UK's only workable gold mines is about to restart after years of idleness.

Exploration work to uncover the true amount and value of the precious metal deposited at Cononish mine, near the village of Tyndrum in Scotland, is due to start any day.

Scotgold Resources, the company behind the venture, expects to find a minimum of 154,000 ounces of gold and 589,000 ounces of silver worth more than £76m after a report from an independent geologist.

Chris Sangster, chief executive of Scotgold Resources, said: 'As soon as a drill rig we have been waiting for arrives we'll be under way. We need to expand the resource a bit more to see exactly what we've got, and then there are the requisite planning and other hurdles to go through.'

The company, which has Australian backers, has lodged applications with the Crown Estates and Loch Lomond and the Trossachs National Park Authority for the lucrative rights to mine the area.

It is hoped that excavation of Cononish, where no work has been carried out for almost 10 years, will revive the fortunes of the area.

'There's a particular band of rocks that are of the age when metal deposits were formed in the mine,' said Sangster, who has spent more than 30 years as a mining engineer, working in South Africa, Canada, Australia and the UK.

'This band stretches all the way from Tyndrum through to Canada, the United States and then all the way up into Norway and Sweden. We already know there are metal deposits in Sweden, Norway and Canada in those types of rocks, so if we find the right kind of environment we have a good chance of finding further deposits.'

The value of the gold and silver to be extracted from the mine is set to soar, according to financial experts. 'Oil, gold, platinum, copper, agricultural produce like corn and wheat, and even water are commodities that are going to the moon in terms of value over the next 10 to 20 years,' said Jonathan Davis, managing director of London-based Armstrong Davis Ltd - Chartered Financial Planners. 'Gold has already started its ascent. It went from about £130 an ounce just six years ago and is now roughly £450 an ounce, which it is not even a third of its inflation-linked value in 1980.

'In 1980, it was £400 an ounce, and in the last 28 years there has been an awful lot of inflation.'

Even if only the bare minimum of rare metal is found at Cononish, there should be enough work to provide the area with 60 new jobs over a minimum of eight years.

'The community will welcome the opening of the gold mine with open arms,' said John Riley, chairman of Strathfillan community council. 'We live in a tourist economy and with the general economy being affected by the rising price of fuel and everything else right now, we don't want to be too reliant on that.'

'Work in the tourism industry tends to be cyclical, which causes problems with people having no work off-season. The gold mine opening would solve some of these problems and provide the opportunity of skilled work for a long time.'

The gold mine is close to Cononish Farm, which is owned by John Burton, a semi-retired farmer whose family owns the land it is sited on. 'It'll be great when the mine opens, but the mining rights will belong to the crown, as they would do on anybody's land, but I will get paid rent for granting access,' said Burton.

'It's been a lengthy process just to get to this point. Various companies have tried to reopen the mine before but nobody's managed it, so there will be a sigh of relief when it finally happens.'