

Mines Royal option process

Introduction

Mines Royal (gold and silver) in England, Wales and Northern Ireland is administered by The Crown Estate. Wardell Armstrong LLP is the onshore Mineral Agent to The Crown Estate and in that capacity manages the procedures and processes relating to Mines Royal.

The option process

Following an initial discussion with the Mineral Agent, the applicant company should submit an application containing the information requested in this guidance document. If the application is successful, The Crown Estate will grant an exclusive option-to-lease agreement to the company. The option may be granted for up to six years depending on the proposals in the application, funding and the experience of the company making the application. Options for longer periods would generally be structured in three two-yearly stages. Companies that have no previous relationship with The Crown Estate may be granted options for shorter periods. The applicant must be a limited company registered in the UK.

The grant of an option by The Crown Estate does not confer any rights of access to land. It is the option holder's responsibility to conclude separate access agreements with landowners and to obtain all other relevant permissions for its activities.

When options are granted for longer periods, the exploration company can progress automatically from one option stage to the next providing that (a) a progress report (including the programme for the next stage) is submitted at least eight weeks before the end of each stage; (b) that The Crown Estate is satisfied that progress has been acceptable, meets the application & renewal criteria and is consistent with the previously approved work programme; and (c) that there is no competing application. Failure to meet the eight week deadline, or unsatisfactory progress, may result in the loss of automatic progression. If there is a competing applicant for the same area, the competing applications will be reviewed by The Crown Estate against the application & renewal criteria and the area awarded to the applicant whose proposal is considered to be most suitable.

The option will normally cover an area up to 250 km². The applicant company can hold more than one option at a time but The Crown Estate will take into account competition issues when multiple options are sought by a single Company. The option fee is an annual sum per option and is subject to review throughout the three stages of each option. As at 1 January 2021, the annual sum is £7500 (linked to RPI) payable in advance, which will be reviewed at regular intervals. The review will not be applied to options which have already been issued prior to 1 January 2021 but will apply to extensions granted beyond that date. The Crown Estate also requires that its legal and mineral agent's fees for each option are paid by the applicant. The payment of option fees or legal and mineral agent's fees is not refundable in the event that The Crown Estate does not grant or extend an option.

In the event that planning permission is granted for commercial development, the option holder can exercise the option to take a lease of Mines Royal. A draft of the lease is attached to the option but some changes may be required to accommodate individual circumstances.

The minimum information required in support of an application is described on the next page. The Crown Estate would prefer the information to be submitted in report format with supporting data in appendices. Applicants are free to submit more information than the minimum shown in this guidance.

Information to be submitted in support of an application and renewal for an option to lease Mines Royal

1. Company details as registered at Companies House or UK regional equivalent, including the address of the principal place of business as well as the UK registered office.
2. Summary of previous mineral exploration activity undertaken by the applicant and its outcome.
3. Details of all directors including details of other directorships, any disqualifications from directorships, professional history and details of experience relevant to their role in the applicant company.
4. Details of key personnel involved in designing, supervising and interpreting exploration and development works.
5. Details of the company's history and experience of mineral exploration projects.
6. An OS plan (digital or paper) at 1:50,000 scale showing the boundary of the application area.
7. An exploration programme providing details of work to be undertaken over the application option stage with an outline of activity for the subsequent option period.
8. The most recent three years' audited financial accounts and three years' management accounts.
9. A cashflow forecast for the exploration programme described above and the subsequent option stage.
10. Details and amounts of current funding including identities of all legal and beneficial owners holding more than 5% of the company's shares, and details of significant lenders and bondholders.
11. Sources of future funding.

The completed application should be submitted to The Crown Estate Mineral Agent at minesroyal@wardell-armstrong.com.