

20 MARCH

2020- 05

## Call for expenditure relief for explorers

The Association of Mining and Exploration Companies (AMEC) is calling on all State and Territory Governments to implement a moratorium on tenement rentals and associated expenditure requirements for mineral exploration licenses.

“The human impact of COVID 19 and the safety of those in our industry is the number one priority for AMEC and its members,” said Chief Executive of AMEC, Warren Pearce.

“Each of our member companies is systematically implementing management plans across their operations to protect against the risks of COVID 19 and substantial resources are being allocated to ensure employees and companies are prepared.”

“However, the broader disruptive influence of COVID 19 on the economy and the financial markets is increasing the economic pressures on many of our member companies.”

Small Australian mineral exploration companies were already facing increasingly difficult financial markets from which to raise funds, but with the COVID 19 crisis, will now have little to no opportunity for capital raising over the next 6 months, critical for ongoing operations

“Already some companies have informed me that without the ability to raise funds they will struggle to carry employees and meet overheads through this period.”

The BDO December Update report stated that 40% of ASX listed mineral exploration companies reported less than \$1 million cash at bank in the December 2019 Appendix 5B reports, and 15% have less than \$500,000.

“As COVID19 weighs heavily on the market, we are growing increasingly concerned for the future of smaller mineral exploration companies that need to raise funds to survive.”

“These companies are small businesses without a source of revenue, that live on capital raised on the ASX and from private equity to explore for opportunities.”

AMEC has written to all State and Territory Governments requesting that a moratorium of at least six months be implemented on tenement rentals and associated expenditure requirements for mineral exploration license. The requested pause on payments is in line with the latest advice from the Commonwealth Government that suggests COVID19 will disrupt normal operations until at least October 2020.

“This moratorium would allow companies to repurpose their expenditure to sustain internal operations, retain their employees, and help ride out the COVID crisis,” said Mr Pearce.