



SRK 6

EX-PATS RETURN TO THE U.K.

In early 1981, Neal Rigby found himself tossing and turning, unable to sleep. The increasing tension in South Africa coupled with the distance from supportive relatives was proving too difficult for his family. His wife wanted to return to the U.K. Rigby feared it spelled the end of the best job he had ever had. He loved working for SRK, and he didn't know how he was going to tell Dick Stacey, his boss and mentor for three and a half years, that he was leaving.

"I was devastated, because I was having such an amazing career — there was no job too big, too small, too complicated for this bunch of individuals," he says of SRK. "The people who were recruited around the same time as me were all such exciting individuals, totally professional, totally committed, and the mantra really was 'work hard and play hard.' It was an absolutely fabulous time. I was traveling all over Africa, getting involved in all sorts of things, and to have to leave was devastating."

Back in the U.K., there wasn't exactly a thriving mining industry. If anything, mining was in its death throes. Still, Rigby contacted his former colleagues and organised a position for himself lecturing back at his alma mater in Cardiff. All that remained was to tell Stacey.



previous left page: Eastbourne pier

When Bill Holt retired to the U.K. his Eastbourne post office box functioned as the original SRK UK office for most of the 1980s.

“It was the hardest thing I have ever done in my life,” he remembers — which says a lot about the personal and professional bonds forged at SRK.

When he gave Stacey the news, Stacey replied: “We realise why you have to leave but really, we'd rather you didn't. We'd like you to be one of the founding partners of SRK UK. We want you to stay connected to the company.”

“I was flabbergasted,” Rigby says.

SRK UK was registered in 1982 upon the retirement of Bill Holt, the mining engineer who had been Steffen's boss at Nchanga in the 1960s. Holt was moving back to the U.K. and Oskar Steffen saw an opportunity.

“He was there to introduce SRK and begin to promote the company in London,” Steffen says. “We were keen to get an office set up in the U.K. because there was quite a bit of coal mining going on and we had people who were interested in returning to the U.K. It wasn't anything more than Bill's Eastbourne post office box for most of the 1980s though, until some of our other people moved there towards the end of the decade.”

The U.K. entity also proved to be a corporate beard — a way of dealing with the growing opprobrium towards South Africa. If an international client could not hire a South African company, contracts could be channeled through SRK UK.

A few important international projects were undertaken via the U.K. entity that couldn't be done from South Africa. The projects included De Beers's

interests in the Angolan diamond mines, and uranium projects in Zimbabwe for British Nuclear Fuels Limited.

These were largely handled by Allan McCracken and Richard Connelly. However, these projects did little to develop the U.K. consulting practice. Although it had developed somewhat by the mid-1980s, with Rigby teaching at the university in Cardiff and doing some consultancy, it was anything but a robust operating entity.

“For a while, the only SRK income was what I earned with little consulting jobs through the university,” Rigby explains. “I carried on lecturing, which was phenomenal for developing contacts. From a privileged position in the university, I was able to develop relationships in all the mining companies. I used to get involved in advising the mines on students who would be good recruits. It was all conducive to developing the networks and infrastructure that ultimately created a useful springboard for SRK UK.”

His university post was also a perfect position from which to develop a media presence by commenting on the mining industry. BBC Wales called on Rigby for radio interviews, and later the national BBC news put him on its Rolodex.

“I had access they didn't, and that gave me a profile,” he says. “For instance, there was a major mine disaster at an Anglo American property in South Africa. I got through first to Anglo's PR people in London. They put me through to Johannesburg and I had a hotline to the

STACEY: “WE'D LIKE YOU TO BE ONE OF THE FOUNDING PARTNERS OF SRK UK”



technical people, who told me what really happened, because I knew what they were talking about. I wasn't a reporter getting the wrong end of the stick; I got the media the story. That sort of gave me a reputation for reliable expert opinion. It was a huge plus."

In essence, Rigby started to emulate what worked in South Africa with the symbiotic relationship between SRK and the University of the Witwatersrand. His academic cloak and media standing led to appointments to government committees and wider recognition. Also, Rigby got involved in professional institutions because they added credibility and brought him contacts.

"But the eighties were a time when the anti-apartheid movement became very active and therefore we couldn't promote our South African roots — that was no-go," Rigby says. "We were in many respects hamstrung. How do you develop business?"

Connelly was particularly eager to see a viable U.K. office.

"We had about the biggest groundwater consulting group in the southern hemisphere at SRK South Africa," he explains, "but we were losing really experienced people. South Africa was isolated politically; we needed to develop access to the rest of the world. We already had Robertson in North America and the idea of really getting the U.K. practice going made sense."

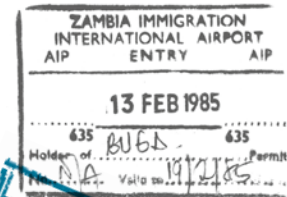
McCracken also saw the opportunity to return to the U.K. and further develop the SRK practice there, providing Africa-oriented mining consulting services to the U.K.-based mining companies. A

Scot who had worked on the Zambian Copperbelt, McCracken had a short spell doing geotechnical contracting in the U.K. until he returned to Africa and joined SRK in mid-1980. He worked under the mentorship of Steffen and Terbrugge in the mining geotechnics department. "Oskar and Peter taught me all there was to know about open-pit mining geotechnics," he says. "Together with my five years in underground mining in Mufulira and working with caving expert Dennis Laubscher on De Beers diamond mines, I had an enthusiasm and understanding second to none. SRK provided the best mentors available. I relished my experience working with them in the African mining environment."

In 1988, with the opportunity to be involved in the building of SRK UK and the pull of family back in the U.K., he followed Rigby in taking the difficult step of telling Steffen that he wanted to leave South Africa.

McCracken was a veteran of coal mines, diamond properties and other projects in war-torn countries such as Zimbabwe and Mozambique. He had unique experience with open pits becoming bigger and being transitioned to underground mines and the leading-edge technology required. McCracken saw the U.K. as a great place to grow the company.

"In the end, the decision to leave SA was made easier by family reasons and the difficulties South Africa was facing," he adds. "Towards the end of the 1980s, the apartheid reforms were unable to satisfy the opposition and there was increasing violence





across the country, including Johannesburg. I remember watching a rugby match at Ellis Park with Peter Terbrugge — a car bomb went off outside and blew the windows in. I got glass in my whisky. I didn't want to leave SRK. I had been involved with most of the international projects that had been done via the U.K. company as well as the plans to relaunch a proper office. To try to emulate the fantastic spirit, technical drive and competence in the U.K. that SRK had created in SA was the challenge.”

**M^cCRACKEN:
“A CAR BOMB
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Another old SRK friend, Roy Barfoot, a Swansea-based independent coal-mining consultant who had worked with the British Coal Board and consulted to SRK SA on a number of African coal projects, also let it be known he was interested in helping to build a U.K. practice.

In early 1988, Rigby, Holt and McCracken met in the Great Western Hotel at London Paddington to discuss the way forward; in July 1988, Kirsten oversaw the development of the first business plan.

Getting Off the Ground

The practice was set up as a limited liability company, and the initial directors were Rigby (MD), Kirsten (chairman), Steffen, Connelly and McCracken; Bruce Evans and Barfoot were the principals. Costs dictated that the office should be in Cardiff: London was far too expensive; housing in Cardiff was more affordable and within easy reach of the office; Rigby's university contacts had been built; London was just a two-hour trip away.

The impetus that really got SRK UK off the ground was the unexpected recruitment of Bruce Evans to SRK SA and his immediate secondment to SRK UK.

By 1988, Evans was a major player in Gencor (later Billiton and then BHP Billiton). As CEO of its gold and uranium division for more than four years, he managed 100,000 employees in 14 listed mining and processing companies that produced 100 tonnes of gold a year. Throughout his career, Evans had maintained his friendship with Steffen and Kirsten.

Evans was part of the Wits student corps and had studied with Kirsten. Kirsten and Steffen were great friends with Evans, who had a blue-ribbon resumé.

After graduation, Evans got his hands dirty at the mine face. He then rose through the management ranks before establishing himself as a world-class mining executive, becoming a shift boss at Leslie and Bracken gold mines, then mine overseer. After a spell in technical services, he established the Union Corporation Group (later Gencor) rock mechanics department and was appointed underground manager at Bracken; he spent several years in Union Corporation's head office, involved in project design and evaluations including an analysis for the successful purchase of a controlling share of Consolidated Rutile (Australia). He traveled the globe, visiting and assessing mines for acquisition and investment.

It was natural that he would call Steffen first when he decided to leave Gencor, move to London (the centre of mining finance) and reinvent himself as a consultant.

“Could I maybe come over and get a few tips?” he asked with a chuckle.

Steffen immediately replied, “We're starting up an office in the U.K. Why don't you join us?”

Evans told him he was still thinking about what he wanted to do and promised to let him know. Steffen walked to Kirsten's office: "Bruce just left Gencor. See if you can convince him to join us in Cardiff."

Evans understood balance sheets, public offerings and the world of high finance and risk. He had the ability to translate technical issues into financial consequences. There were some consulting companies that could do the technical modeling as well as SRK, but they lacked that extra ability and skill that Evans could provide — he could generate financial models and infer the proper implications of the data. When you were dealing with engineers, talking their language was important, and issues like tonnage mattered; when you were talking to senior management and boards of directors, you used a different vocabulary — one of NPV and rate of return. SRK wanted to move more aggressively into the European market, especially given the interest of the ex-pat Brits on staff in South Africa. Evans could lead the way.

Steffen and Kirsten recognised Evans's incredible value as a consultant. On top of his technical mastery, he had been in the boardrooms; he had made major mining decisions; he understood what was needed by the financiers, the stockbrokers and the mine managers; but most of all, he had a personal relationship with many of the world's major industry players.

It was a six-month dance to romance the mining magnate, Kirsten recalls, but Evans succumbed. Kirsten warned him: "It's going to be difficult for you to adapt to serving customers as consultants instead of being carried on the hands of your own staff. It will take you two years to get established in the U.K. Don't be too hard on yourself. It takes time. I know how competitive you are."

Evans snorted.

SRK UK was officially re-established as a going concern on August 1, 1988, with Rigby, Evans and

Barfoot. McCracken joined from SRK SA in March 1989. Evans shuttled back and forth between London and Johannesburg to start with, and remembers the early days vividly.

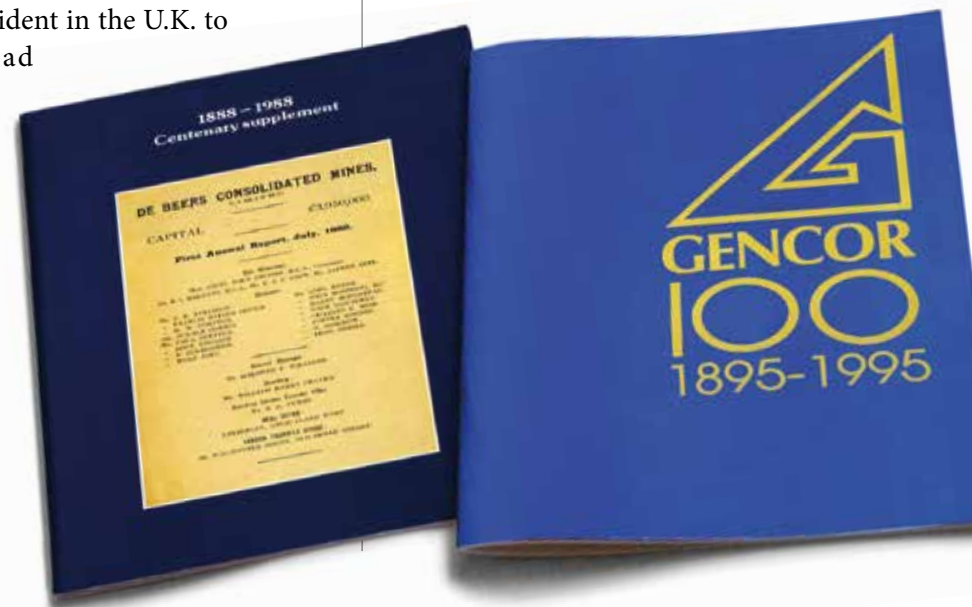
"We were living off Neal [Rigby's] part-time earnings from the university and his occasional coal contract," Evans says — the auditor's

bill for the first year was greater than the company's gross revenue. "We would have meetings in the conference room at the university. We didn't have an office at first. We worked from home. We traveled to London pretty well every week, sometimes twice a week, to meet up with our contacts."

The first Cardiff office was on Churchill Way, above the National Westminster Bank. "The furniture was second-hand," McCracken laughs, "the floor so uneven the copier had a tendency to go for a walk, and Rigby's daughter, Karen, filled in as the receptionist. In the summer of '89, we threw a launch party, inviting former SRK employees now resident in the U.K. to attend and then spread the word. Connelly, Middleton and Mike Smith flew in from South Africa along with a couple from North America. Clients were few."

Evans, Barfoot, Rigby and McCracken were a good fit, providing expertise in a broad range of services and commodities.

**STEFFEN:
"WE'RE STARTING
UP AN OFFICE IN
THE U.K. WHY
DON'T YOU
JOIN US?"**



Cardiff's First Woman Professional

In March 1990, Kate Harcourt was hired. She had been introduced via the SRK network, starting with Dave Morrey in SRK SA and on through her former lecturer, Dr. Mike Johnston. She had finished her master's degree in environmental technology at Imperial College in London and was living in Cardiff. At the interview, Rigby told her he didn't think environmental concerns were given the recognition they deserved by the mining industry and there was a considerable bias to overcome. She nodded.

"How do you think you will cope when we send you out to a mine, there's a grumpy old mine manager and you're talking about environmental issues and he doesn't really get any of that stuff? He just wants to get on with mining and you're a woman talking to an industry that is very male-dominated."

"I've got a military background," she told him. "I have been in the Territorial Army for a long time, so being in a male-dominated environment doesn't really faze me."

She was offered a job on the spot.

"I think my number on the U.K. payroll was six," Harcourt says. "I was the first woman professional to work in Cardiff. We had to do everything in the office ourselves."

On quiet days, she said, Barfoot would "lean back and spin wonderful stories about mines and the places he'd been and projects he'd worked on. I learned a lot."

Rigby almost immediately sent Harcourt to South Africa for orientation and to expose her to SRK's roots.

"It was quite a trip," Harcourt says. "They gave me a car and said to go off to this site, that site. I just found my way around. I drove around Jo'burg, which, looking back, was amazing."

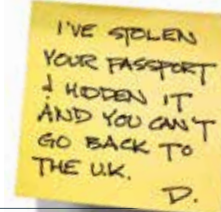
Harcourt spent three weeks with the South African environmental team, absorbing the SRK culture — the family atmosphere, the hectic activity, the intellectual foment, the ebullience with which the company did things.

"Dave Morrey, a senior environmental scientist specialising in metal-tolerant plants which had direct relevance to the reclamation of tailings dams and waste-rock dumps at metal mines around the world, was great. He was full of stories and full of fun. He used to leave Post-It notes on my desk: 'I've stolen your passport and hidden it and you can't go back to the U.K.'"

Harcourt loved the warmth in spite of the lingering scent of a male fraternity: "There weren't many women in the office." That changed in time. But she loved the Friday afternoon get-togethers, which they replicated in Cardiff, though they hadn't yet matched the gusto of those in Johannesburg. Steffen charmed her. "Whenever I saw him in the future, I would say, 'It's me again, like that bad penny, I keep turning up!' We'd always have a laugh and a chat.

It was always lovely to see him."

Harcourt remembers that "the SRK name was quite new in the U.K., and I remember lots of meetings, often going back to the same potential client two or three times to persuade them that we were credible and that we did have the technical expertise. Maybe it wasn't applied in the U.K. yet, but a mine is a mine is a mine, and we had leading scientists and other specialists around the company. But it was tough. It took a long time to break in not just on the environmental side but on the water side as well."



**HARCOURT:
"BEING IN A
MALE-DOMINATED
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DOESN'T REALLY
FAZE ME"**

Facing the Competition/Landing Work

“For the first year,” McCracken says, “the office only bumped along. Evans’s work via his contacts and his work on Selkirk in Botswana, Rigby’s U.K. coal-related work and my geotechnical work brought from SA plus our lecturing at Cardiff University paid most of the bills, but work was hard to come by.”

McCracken recalls a phone conversation with Kirsten to discuss the year-end figures when the question was posed: “Are you sure you haven’t left out any invoices?”

“In 1990, we undertook the site investigation for a landfill and earned a fee of about £200,000,” McCracken adds. “Unfortunately, the client was not as robust as we thought, and at least half of that was written off. We ended up just keeping our heads above water — only just. Just as well that we didn’t know that the client wasn’t going to pay — it kept us busy and there was little other work on order.”

Other key people during that developmental stage in Cardiff included Martin Potts, now a mining analyst in London, and Declan Costelloe, now a mining advisor based in Denver.

At one low point, Steffen came over to the U.K., and there was a bit of a worry among the founding fathers about what the future might hold. “We had a meeting at Cardiff Golf Club and explained the economic gloom of 1990 and the vagaries of the U.K. mining market and our limited profile therein,” says McCracken. “Steffen was full of encouragement. ‘Why are you saying that marketing is difficult?’ he asked. ‘If no one knows about SRK then it must be easy to tell them how good we are!’ Marketing was good old face-to-face contact, which consisted of getting

up to London at least once a week to meet with old associates, mining companies, bankers interested in mining finance, as well as searching through the weekly *Mining Journal* for project developers that might need our services.”

The spirit in the office remained buoyant during those lean times. Board meetings were usually held in the local pub; Christmas parties were a table at the former post office, reborn as a restaurant, and the Christmas bonus was a turkey each. The good contacts made through the marketing efforts paid off. “In 1990–91, we developed a really good relationship with Davy McKee, an engineering company in the northeast of England, which used SRK for a number of mine feasibility studies for geology, resources geotechnics and mining in Ireland, Venezuela and Yugoslavia,” McCracken says. “Saudi Arabia’s Ma’aden mining company was looking to develop their gold resources. We did the geology and mine planning for Ennex’s Connonish Gold Mine in Scotland, and some environmental remediation on a few rivers. All in all, we continued to grow when the rest of the industry was shrinking.”

In 1990, the practice landed its first game-changing project. This was the Lisheen lead-zinc deposit discovered in April 1990 in North Tipperary, Ireland. The property was initially owned by Ivernia, which then joint-ventured with Chevron. SRK was hired to do large parts of a pre-feasibility study, notably the resource work, geotechnics, hydrogeology, tailings and economic analysis. The property was later bought by a subsidiary of Anglo American, Anglo Base Metals, and SRK UK continued to undertake many design aspects of the mine development.



The work was won by a combination of marketing, good work and connections: Evans's relationship with the bankers, Rigby's connections with main players at Ivernia/Chevron and McCracken's work on the neighbouring Galmoy project and with Ennex's Scottish gold mine.

It was Evans who reached out for help from Mike Armitage, who had been a geology student at Cardiff when Rigby was lecturing there. Armitage completed

his undergraduate degree and worked in African gold mines before completing a doctorate at Bristol University. He had been working for the government as a statistician for about a year when SRK called. He told Evans he wasn't interested in a short-term contract to work solely on the Lisheen project.

"They offered me a full-time job, and I ended up sharing a desk with Bruce," he says. "We had one phone between us. Our work in the U.K. was a bit touch-and-go because we didn't have a great deal of it. Whenever you went to talk to potential clients, they just knew SRK was some sort of South African geotechnical company — and having a South African connection wasn't an overly positive thing. It was a fairly tough haul."

The recruitment of Mike Armitage was strategic. "Until then we had been operating without a recognised resource specialist," McCracken says. "That was the formalisation of our geology and resources department."

By March 1992, the staff complement in SRK UK had grown to 13. With the growth, the firm moved around the corner to Windsor Place, the second of four offices within 100 yards of each other. It was then that Iestyn Humphreys, yet another Cardiff graduate, joined. "There still wasn't that much work," he remembers. "Mostly, we were trying to establish relationships and find work. You came into the office in the morning and the first thing people did was look at the fax machine, rattle the ream of paper and sift out specific requests."

It was the ongoing Lisheen contract that prompted Connelly to ask James Dodds, another ex-pat hydrogeologist, to move over from South Africa. Connelly followed later to establish a hydrogeology and a geo-environmental department in the U.K.

It was a very different experience for the SRK veterans.

"In South Africa," Connelly explains, "we were advancing the technology, we were advancing the industry's capability. SRK might have had one or two competitors in South Africa. In the U.K., we had 40-plus — competition was fierce. One of the things we

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Bruce Evans

As past CEO of Gencor, complements SRK's engineering expertise with his wealth of boardroom experience



Allan McCracken

Brings unique experience with large open pits and underground projects to SRK UK office in 1988

1982 – 1994



SRK UK

Establishing SRK UK taps U.K. coal work and international opportunities during South African sanctions

De Beers

SRK UK work on Angolan diamonds projects while civil war there prevents SRK SA involvement

British Nuclear Fuels

SRK UK undertakes Uranium project in Zimbabwe during on-going sanctions against South Africa

People
Projects
Offices

did, for instance, given there were lots of abandoned mines discharging polluted water, was to speak to the various authorities who were keen to resolve those pollution problems. We already had international experience dealing with these issues, particularly in North America. There was no one in the U.K. doing that kind of work. At different times we brought over Andy Robertson, Keith Robinson, John Chapman and Linda Broughton from Canada, and John Cowan from South Africa. We really swamped the regulators with experience, technology and strategy.”

As a result, SRK was hired by the National Rivers Authority, forerunner of the Environmental Agency of England and Wales, to tackle the top dozen most-polluting old coal mines in south Wales. The abandoned mines and workings filled up with water,

which became acidic and seeped or ran into the local watersheds. This later led to design and construction supervision for a number of mine-water treatment schemes across the U.K.

“It has a very dramatic effect,” Harcourt says. “You get these huge orange plumes coming out into the rivers. We visited all of the sites to evaluate them and develop potential treatment strategies. It occupied quite a lot of us for quite a long time. It was unique in that it was local and most of the work we were bidding on was overseas. To have a project actually in south Wales was quite unusual.”

Kirsten, it turned out, though, was optimistic when he cautioned Evans that it might take two years to establish the consultancy.

Looking Farther Afield

Surprisingly, one of Rigby’s former classmates proved to be a conduit for work in South America. A Peruvian who attended Cardiff through a funding agreement between the Catholic University in Lima and the British government, Carlos Soldi had returned to Peru while Rigby went off to South Africa. In 1985, he founded a small consulting company with two partners, Antonio Samaniego and Ernesto Valle: SVS Ingenieros — “The SRK of South America,” he joked to Rigby.

The old pals kept in touch, and when Rigby returned to Cardiff to teach, one of the people who came to study under him was Samaniego. Through his work at the university, Rigby organised a research grant for SRK to do market research in Peru, and that led to a working relationship with SVS.

By 1993, Peru had suppressed the violent Maoist guerrilla insurgency launched in 1980 by the Sendero Luminoso, the so-called Shining Path that had kept

The 1992 capture of Abimael Guzmán, leader of Peru’s Maoist guerrilla insurgency, halted much of the violence that had kept most foreigners and their investment dollars away.



courtesy of:
diario la industria de
Trujillo, Sep 12, 2012



Neal Rigby

Builds valuable contacts offering expert opinions to media and consulting to mining companies



Kate Harcourt

Master’s in environmental technology gives SRK UK competitive edge in emerging site remediation niche



Mike Armitage

Joins as recognised resource specialist and is the catalyst for creating SRK UK’s geology & resources department

Lisheen Lead-Zinc Deposit

Game-changing pre-feasibility study, then mine design after purchase by Anglo Base Metals

National Rivers

SRK tackles top 12 most-polluting old coal mines in south Wales; launches mine-water treatment across U.K.

British Coal

SRK retains ~60 contractors to review assets & reserves of British Coal for Barclays Bank who financed RJB’s purchase

most foreigners and their investment dollars away. The capture of its leader, Abimael Guzmán, in 1992 halted much of the violence, and international capital and foreign mining companies were again seeking to exploit the country's resources.

"It was mutual interest that brought us together," Soldi says. "Neal called and said we could give them a hand with some of the things they wanted to do, because they needed local support. We were interested in getting some help from them. Environmental legislation was just being enacted in Peru and we had very little experience with that. That was how we started doing work with SRK UK — on a project-by-project basis. Initially, we had people from the U.K. in Lima, but soon there were people from Denver and South Africa."

Harcourt was the first to go over.

"Antonio and I went out visiting mining properties, and we were greeted with open arms wherever we went

because there were so few Westerners working there," she says. "We got quite a lot of work out of that because of their newly enacted environmental legislation and the lack of capacity within the country."

Harcourt also ran into Rigby's hypothetical grumpy old man.

"The whole industry in Peru was very male-dominated, very machismo, and there was a cultural sensitivity around women, although they respected professional women and called me 'Ingeniera Harcourt,'" she says.

Two years after SRK UK began working in Peru, however, in 1994, Rigby was forced to terminate the informal alliance that had been established. NCL, a Chilean firm that had become SRK's partner in a South American joint venture, saw the association with SVS as being incompatible with the longer-term plan on the continent.



Part of a 1971 recruitment ad for the National Coal Board touting the career opportunities of the U.K. coal industry.

right: SRK consultants Richard Oldcorn and Valerie Cettour-Meunier on site at the Ffos-y-fran Land Reclamation Scheme in eastern Merthyr Tydfil, Wales. This project involves mining the coal from under 367 hectares of land in need of remediation from earlier coal-mining operations.

British Coal

The Lisheen job gave the U.K. office financial breathing room and introduced it to London financiers, brokers and mining industry executives who could almost see SRK's success across the Irish Sea. Evans's contacts with Barclays proved instrumental again, with a significant recommendation for a monumental project — the due diligence work connected with the 1994 sale of British Coal.

The project was unprecedented for SRK. Evans and Rigby first met with Barclays in London to discuss a potential mandate. Along with Barfoot, they then visited RJB Mining in Harworth, near Doncaster. The concept was that SRK would do the due diligence for RJB Mining. It was only during the journey back that it dawned on the three of them that with such high-profile financing, there arose the question of who would undertake due diligence for the lenders and equity investors. Maybe *this* was the best role for SRK.

Rigby was in the office on the Saturday morning. He conveyed his concern first to RJB and subsequently to the lead transaction advisor for the investment banks. All appreciated the wisdom of his suggestion, so SRK switched horses and worked for the financiers.

Created in 1946 to manage the mines taken over by the government during the First and Second World Wars, the National Coal Board had been given a new name by the Conservative government of Prime Minister Margaret Thatcher and was finally privatised in 1997. The U.K.'s coal industry had been in a nosedive for years, with mine closures starting in the 1960s — first in Scotland, then in northeast England and Wales. By the 1980s, subsidised coal from Europe and cheaper coal from just about everywhere else had all but buried the industry. The historic British miners' strike of 1984–1985, so crushed by Thatcher, decided its fate.

SRK'S VOLUMINOUS REPORT FORMED THE TECHNICAL AND ECONOMIC BASIS FOR A LOAN OF SOME £500 MILLION TO RJB MINING, AND FOR RJB TO RAISE ANOTHER £400 MILLION ON THE LONDON STOCK EXCHANGE.



SRK's work required about 60 independent contractors in all. It rented another floor in the Cardiff building to conduct the independent review for Barclays Bank of the assets and reserves of British Coal. SRK's voluminous report formed the technical and economic basis for a loan of some £500 million to RJB Mining, and for RJB to raise another £400 million on the London Stock Exchange to acquire approximately 80 percent of the assets of the company.

We were very much dancing to the tune of the lawyers," Harcourt says. "I remember working all night, several nights, and faxing things off to them at two o'clock in the morning. They were always saying, 'We must have this by such and such a time.' We would work flat out to get it back to them, knowing full well that there would be no one in the lawyer's office at the other end to get that fax at two in the morning. I attended meetings in London thinking 'I'm going to read about this tomorrow in the *Financial Times*' — and I did. It was an enormous project."

Armitage remembers the incredible focus.

"We employed lots of people who'd worked in the coal mines all their lives — they had the coal knowledge

but they didn't understand how to express what they knew in the internationally acceptable format that was needed," he explains. "The reports were going to be read by the global investment community and they needed the information in a form they were used to seeing. My role was to corral all the experienced die-hard coal miners and ensure their data were expressed in a vocabulary and format that satisfied

international criteria. I interacted with the stock exchange and made sure the way we reported the resource numbers and data was okay. I traveled to a handful of the mines, but spent most of my time at the end traveling up to London, spending afternoons in drafting meetings, heading back to Cardiff overnight, receiving the next draft by motorcycle courier the following morning, discussing the report with the guys in the office and then heading off back to London again for the next meeting."

For SRK UK, it was a transformational project. The company conducted a comprehensive assessment of 144 properties — including collieries, open-cast sites and disposal points where coal was collected, stocked and blended.

There were 800 collieries when the industry that traced its roots to Roman times was officially

HARCOURT: "IT WAS AN ENORMOUS PROJECT"



nationalised in 1946. When the Coal Industry Act 1994 was passed — merging the remaining mining operations with RJB Mining to form UK Coal plc — there were only 15 pits in production.

“That work was a very, very high-profile mandate,” Rigby says. “It really set up SRK UK. We recruited, we grew — largely because the company demonstrated a capacity to provide high-level, independent advice. We developed a reputation and got brand recognition as a real, credible, honest advisor. We weren’t overly optimistic, we weren’t overly pessimistic; we said it as it was. We developed a very strong reputation with the international financing and investment community.”

Rigby thought the British Coal due diligence work helped to set SRK apart from the consultancy competition and established it as the go-to firm for mining financial services: “I think feeling equally comfortable in the boardroom, equally comfortable at the coal face, equally comfortable with investment bankers on the 60th floor of whatever building it is in Hong Kong or London or Toronto was a special characteristic or quality that SRK developed. We had all the technical skills, but we could also apply those technical skills in a financial context to determine what needed to be done with the assets to enable them to access finance.”

In many ways, SRK UK’s move into financial services set the stage for the entire company to reinvent itself, Rigby adds. “In the first 10 years, SRK was into mainstream mining. We started off in rock mechanics, geotechnics and tailings, and then slowly but surely developing mine-planning skills, developing water-management skills, developing environmental management skills. Over that decade we were very much technocrats. I think maybe over the next 10 years there was a change; we brought in the financing side of things.”

The firm became the go-to experts when companies or financiers wanted independent project-wide audits prior to an acquisition or merger, or before making major capital commitments. They also turned to SRK to supplement their own in-house evaluation teams, given the company’s experience, vision and demonstrated ability to innovate in the quest to find and guarantee value.

“If you look at the South African practice, you have the entire South African gold base within 50 or 75 kilometres of the city limits,” Humphreys says. “SRK UK doesn’t have a mining industry on its doorstep. With that perspective, we’re fundamentally different in the sense that we’ve never had the base-load of work to rely on. It was our relationship with work through financing in London that sustained us.”



Armitage logged a lot of miles on the M4, crossing back and forth over Second Severn Crossing, shown below; driving to London for a meeting, then back to Cardiff to prepare the next draft section, then back to London to present and brief on next steps.

photo: Michelle Keohane



PROFILE: Geoff Ricks



Geoff Ricks was born in London, England, and graduated with a BSc in botany from the University in Nottingham, where he also completed a PhD in plant ecology. This was followed by primary research in South Wales, investigating the effects of air pollution on vegetation, and some four years in local government planning, primarily involving environmental issues. He then spent 10 years in the Middle East as a professor of environmental science before returning to the U.K. to resume a career as an environmental consultant, specialising in mining-related work. After working with SRK on a number of projects in the Republic of Ireland, including the Lisheen project, where he worked closely with Neal Rigby, Ricks joined SRK UK in 1994 to develop an environmental group within the Cardiff office. Soon, he was working in Mongolia and Russia. "We also got involved in

work in Saudi Arabia," he adds, "which is where I'd worked originally as a university professor, and over four or five years SRK UK undertook pioneering environmental investigations and assessments for Ma'aden, the state mining company." In 2004, Ricks left SRK for Rio Tinto, and since 2008, he has been an independent environmental and social consultant; his path has crossed with SRK's on a number of projects. "I think those who initially joined SRK and have stayed with the company are a reflection of the quality of people Oskar, Hendrik and Andy chose, but also because they were smart enough to see that good people have to be given the freedom to develop their own technical and commercial groups — to do the things that interest them whilst developing the company. For example, within SRK UK, we had several small businesses operating within the overall business: different technical groups doing what they did best, but at the same time aware of each other's capabilities and always on the lookout for opportunities for each other. That is a legacy of the way Oskar, Hendrik and Andy set up the company — everything is shared."

Consolidation

The British Coal privatisation work gave the U.K. office the exposure and confidence to grow and attract good people. Team-builders and engineers who embraced the SRK ethos — such as Geoff Ricks, Rob Bowell, Neil Marshall, Richard Oldcorn and Martin Pittuck — joined in the mid-1990s.

Connelly's prediction that the U.K. office would attract ex-pat specialists looking to return to the U.K. came true, and Rick Skelton, Ian Brackley, John Miles and others were welcomed on board. "We almost caught Middleton and Kirsten, too!" he says.

An office in Mansfield was set up in 1996 to service the remaining players in the U.K. coal industry. But the sector was moribund, and the little consulting work that was available depended primarily on traditional relationships. SRK UK closed the Mansfield office in 2001 but continued to offer a suite of services that set it apart from its competition — resource evaluation, mining finance, due diligence and competent-persons reporting that incorporates all of the firm's technical and environmental skills. ♦

SRK UK in 1998, assembled to receive the Queen's Award for Export

1: John Miles, 2: Howard Bills, 3: Neil Marshall, 4: Paul Bright, 5: Richard Oldcorn, 6: Dick Watts, 7: Kevin Privett, 8: Peter Bolt, 9: Rick Skelton, 10: Phil Jenkins, 11: Simon Pladdy, 12: Richard Clayton, 13: Adam Warden, 14: Glenn Freak, 15: Michelle Malpass, 16: Gillian Roberts, 17: Rob Bowell, 18: Amanda Williams, 19: Alan Gardner, 20: Tim Grapes, 21: John Arthur, 22: Gareth O'Donovan, 23: Martin Pittuck, 24: Anne Spiers, 25: Alexis Crook, 26: Jemma Rodd, 27: Etienne Kirsten, 28: Sian Morris, 29: Pippa Howard, 30: Ian Gregson, 31: Piers Saddler, 32: Mike Armitage, 33: Bruce Evans, 34: Bernice Sing, 35: Richard Connelly, 36: Steve Hordley, 37: Allan McCracken, 38: Geoff Ricks, 39: Brian Williams

