

# Wolf Minerals Limited

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## Silver bullet for Wolf, as tungsten prices and debt burden combine to bring in administrators

You could see it coming years ago. The strange slow death of Wolf Minerals Limited (LON:WLFE) (ASX:WLF), lately suspended from both the Australian and London stock exchanges, and now at last in administration, has been playing out in front of our very eyes like a slow-motion car crash for almost as long as the company has been in production.

### READ: Wolf Minerals ceases trading in London after UK subsidiary enters voluntary administration

It wasn't really the cost over-runs that did for it in the end, although teething troubles at the Hemerdon plant in Devon, in the south west of the UK, didn't help, necessitating unwelcome additional dilution. What really did for Wolf was simply that the economics of production at Hemerdon never really stacked up. But for a while though, at least in the eyes of its major investor RCF, Wolf was simply too big to fail. RCF will now be staring at a massive loss straight in the face. It's something the fund has sought to avoid for years, providing rescue finance and bridging loans where needed, all in the hope that tin and tungsten prices would rise high enough to cover the embarrassment of Hemerdon's complex geology and tricky processing. In fact, tungsten prices have risen, but not enough. A couple of days ago Wolf mentioned in its final press release as a London-listed company that talks with interested parties were ongoing in regard to a refinancing of its long-term debt, although it added the rider that there was no guarantee a deal could be met.

### READ: Talks on funding ongoing, says Wolf Minerals

The company had until the end of October to renegotiate the latest in a string of standstill agreements, and hitherto had relied on the RCF's goodwill - or fear - depending on your interpretation, to keep going. But there was no mention of RCF either in the earlier press release, or in the announcement that the company had gone into administration. One of the world's most experienced and wealthy mining funds has clearly finally given up the ghost on Wolf as a listed vehicle. As the major shareholder and major creditor, what role RCF has to play now in the future of Hemerdon is open to question. It will surely have a crucial part to play, especially since its loans, including the most recent £4mln, which was made available at the end of July, were secured against the asset. But someone is going to have to book losses somewhere now, and it's hard to see how anyone other than RCF will bear the bulk of the pain.

## Share Information

**Code:** WLF

**Listing:** ASX

**Sector:** General mining & base metals

**Website:** [www.wolfminerals.com.au](http://www.wolfminerals.com.au)

### Company Synopsis:

*Wolf Minerals is an ASX (WLF) and AIM (WLFE) listed specialty metals producer from its operations at Drakelands, a major global tungsten mine in the United Kingdom's Southwest.*

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