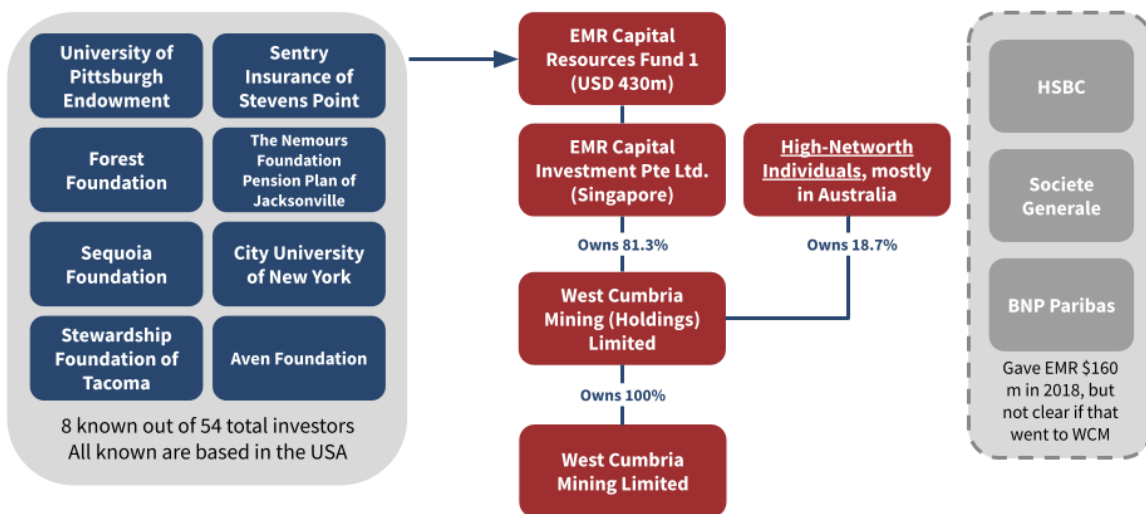


# Investing in EMR Capital/West Cumbria Mining is risky business!

## About EMR Capital

EMR Capital is a private equity firm specialised in mining assets with offices in Hong Kong, Singapore and the Cayman Islands. They are also the majority owner of the West Cumbria mine. According to West Cumbria Mining Ltd 2021 accounts, EMR Capital has invested at least £24 million in licence fees and exploration costs to date, and West Cumbria Mining Ltd is currently looking to raise finance for the construction of the mine, but so far has only raised GBP 10.3 million out of it's needed GBP 241.7 million.



Sources: Research by BankTrack, Profundo, Reclaim Finance, and Tipping Point using PitchBook, IJGlobal, UK Company House, and Refinitiv

**BANKTRACK**

Figure 1: Ownership structure of West Cumbria Mine

## Reputational Risk

The West Cumbria Coal mine is facing significant opposition from local, national, and international groups who fear its significant contribution to the climate crisis. An independent consultant estimated that the mine will emit 2 million tonnes of CO<sub>2</sub> between now and 2049<sup>1</sup>. This number only includes CO<sub>2</sub> emissions from the mine operations itself, and does not include emissions from burning the extracted coal which will be around 200 million tonnes according to Coal Action Network. There are also fresh concerns that the mining company significantly under-stated the methane release from the coal mine, a powerful climate change gas. A report by Ember found that WCM underestimated their potential methane emissions by 3.5x, and that their claimed ability to mitigate methane emissions by 95% are technologically unfounded. With current technologies, at most they can reduce it by 69%. Ember estimates that the mine could add almost 40% to the UK's

<sup>1</sup> <https://www.gov.uk/government/publications/decision-to-call-in-west-cumbria-coal-mine>

fossil production methane emissions by 2030<sup>2</sup>. These are emissions that the UK carbon budget cannot afford, if remaining within 1.5°C limits. The chairman of the Climate Change Committee Lord Deben stated that the coal mine is “absolutely indefensible” in the context of the UK’s legally agreed climate commitments<sup>3</sup>. For more information on the Climate, Human Rights, and Nature related impacts of the mine, visit the West Cumbria Mining page of the BankTrack website.<sup>4</sup>

## Transition Risk

The future outlook for coking coal looks grimmer by the year, as steelmakers around the world race to mitigate carbon emissions and adopt coal-free technologies. The IEA’s 2023 World Energy Outlook has once again revised its projections of coking coal production downwards, and found that even with no new climate policies, there is no upwards trend for global coking coal consumption<sup>5</sup>. The head of the IEA Fatih Birol has said that the green steel transition is expanding more rapidly than previously expected. In the UK all blast furnaces are now scheduled for retirement, following an announcement from British Steel that they’ll be replacing their blast furnaces with electric arc furnaces. Tim Farron, the MP for Westmorland and Lonsdale in Cumbria and former leader of the Liberal Democrats, said the announcement from British Steel “means that any economic case for a new coal mine in Cumbria is now completely dead in the water”.

## Legal Risk

In July 2022, Client Earth warned EMR Capital that they are exposing themselves to significant legal risk, as investing in the West Cumbria Coal is incompatible with<sup>6</sup>:

- The duties owed by EMR Capital to third-party investors in the Fund, including fiduciary duties;
- The appropriate management of climate-related financial risks;
- The expectations of investors in the Fund; and
- EMR Capital’s public commitments to: (i) responsible investment and the incorporation of environmental, social and governance (ESG) considerations in investment decision making, management and exit, including as a signatory to the UN Principles for Responsible Investment (UN PRI); and (ii) the climate objectives of the Paris Agreement.

Additionally West Cumbria Mining Ltd is facing legal challenges by Friends of the Earth UK and South Lakes Action on Climate Change.

**For questions about this briefing contact [julia@banktrack.org](mailto:julia@banktrack.org)**

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<sup>2</sup><https://ember-climate.org/insights/research/whitehaven-coal-mine-approval-jeopardises-uks-international-commitments/>

<sup>3</sup> <https://www.bbc.com/news/uk-england-cumbria-61974313?pure360.trackingid=%7B~TrackingId~%7D>

<sup>4</sup> [https://www.banktrack.org/project/west\\_cumbria\\_coal\\_mine](https://www.banktrack.org/project/west_cumbria_coal_mine)

<sup>5</sup> <https://origin.iea.org/reports/world-energy-outlook-2023>

<sup>6</sup><https://www.clientearth.org/latest/documents/clientearth-letter-to-emr-capital-regarding-west-cumbria-mining/>