

GOLDEN ANGELS

THE GREATEST GOLD RECOVERY IN HISTORY

Philip Ried explains how he came to embark on an incredible journey to recover Britain's lost Gold.

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In the last issue of Paddock Life, we featured the Angel Business club and promised to introduce readers to some of the Club's more intriguing investments. The first, Britannia's Gold Limited, could not be more intriguing as the company has been established to finance the salvage of enormously valuable cargoes of precious metals, intended by the British Government to pay for goods and munitions, but lost to enemy action in both World Wars 1 and 2. Chairman and company founder, Philip Reid, was pleased to tell Paddock Life a great deal more about the project.

It is well known that prior to the development of the international electronic transfer system, the settlement of international payments required the physical transportation of predominantly gold and silver. To pay for the vast amount of imported goods needed to successfully support the war effort in both World Wars, the British Government secretly shipped gold with an estimated 2017 value of £300 billion. The great majority of these

shipments were carried out by merchant ships under the direction of the Government, many of them designated "Official Gold Carriers". However, the attrition rate was huge, an estimated 60% in both wars, leading to some 7500 ships being sunk. It is therefore logical to assume that of the £300 billion shipped, only some £120 billion arrived.

The losses, particularly in the early years of both wars were so high (often the result of lax security or successful espionage), that Lloyds of London refused to countenance insurance cover which necessitated the Government introducing War Risk Insurance, effectively providing blanket reinsurance for foreign owners of gold. However, Government gold was largely uninsured being effectively at "owners risk" and this, together with the reinsurance means the legal owner of the recovered cargoes is the British Government, any previous legal owners having been paid out. This will result in BGL having to agree with the Government its share of any recovery but all the company's financial forecasts



assume it will be 20% for which there is precedent. Working with the Royal Mint, BGL hopes to have definitive discussions with HM Treasury in the near future.

It was this overriding British characteristic that led to the company being called Britannia's Gold; as Philip says, it was this patriotic, exciting, romantic but potentially hugely profitable enterprise that he saw as the ideal post-Brexit activity, the bringing of "Britain's gold back to Blighty". All this to the benefit of the Government, investors and British Maritime and Merchant Marine Charities!

This clear demarcation of ownership is important. In the past, the salvaging of historic wrecks has always attracted significant publicity but equally defies conventional investment. The latter are wooden ships, which over the subsequent 400-500 years have broken up with cargoes dispersed over huge tracts of seabed. Equally the location of the wrecks

and the uncertain ownership of the cargoes, more often than not results in long and expensive disputes amongst rival claimants which have disappointed and disillusioned a great many investors and given rise to significant scepticism about the merits of what is normally and predictably labelled "treasure hunting". Britannia's Gold is totally different. This is an exercise in cargo recovery; admittedly sounding less alluring than treasure hunting but substantially more accurate. Our targets are steel ships, most less than 100 years old with clear Government title to the cargo. More importantly, it is not a hunt. We know where the wrecks are and we know which were carrying gold.

Philip recognises there will be scepticism and doubt. For the last 25 years, research teams operating in Britain, the USA, Canada, South Africa and India have been assiduously delving in Government, Bank and military archives, many secret or closed where only we have been granted access,

referencing and cross checking records to build up a comprehensive file which allows the researchers to safely conclude which particular ship was carrying gold and how much. Notwithstanding that gold was never identified on a cargo manifest, it is fair to say that much of this research could possibly be replicated, the only snag being it would take someone 25 years to do it. BGL now has exclusive use of 27 terabytes of digitised research which has resulted in identifying over 700 targets known to be carrying high value cargo of which 20 have been selected as the first salvage targets.

Philip is often asked why has it not been done before? It has, he says, and quite successfully too, but almost entirely with silver cargoes which were not secret and of which there has been far greater awareness and public information. In essence, there have been two major reasons for the absence of significant activity, the first technical. A great many wrecks are in very deep waters or in a state of serious degradation. As such, it is only now, following huge technical innovation in the oil and gas industry, that they have become accessible using robotic salvage systems. The other, and perhaps more important reason is knowledge, BGL's greatest asset. There is a widespread awareness of the number of wrecks in international waters and even in many cases, their general location. What is not known is which ship was carrying what; BGL does know! Given the costs of survey and salvage, without this knowledge it would be a hugely expensive and dangerous exercise to go out on a wild goose chase.





To undertake the first salvage, BGL is in the process of raising £9m of which some £1m (the great bulk provided by Angel Business Club members) is already spent as seed capital and a further £3m is currently committed. The intention is to salvage a series of "clusters" in different locations. Each cluster consists of three pre-researched and surveyed wrecks in probably no more than a 500 square mile area; this allows for significant mobilisation and operational cost savings and provides investors with a "portfolio" approach to the project. As each cluster is completed, anticipated revenues from successful salvage will allow BGL to move with the seasons to other clusters and repeat the exercise with no further external investment needed. The structure of BGL is such that investors will receive twice their investment and the company be in possession of £9m in the bank, before founders of BGL receive any reward. To achieve this position, BGL has estimated it needs only to recover 8% of the known cargoes in the first cluster, a result that seems easily within reach! Once this is achieved, investors and founders will be effectively equal shareholders with the former ideally enjoying an annuity for the foreseeable future.

As previously acknowledged, Philip and BGL recognised the need to establish real credibility before approaching investors and the Board reflects this. Nick Henry, CEO of James Fisher and Sons,



the UK's largest subsea operator and Footsie 250 member is a Non Executive Director with Fishers providing a great many of the personnel and systems required for successful salvage. Mauricio Garrido, President of T&T Salvage, the US' second largest salvage company is a Director and as ex-President of the US Salvage Association, he brings a wealth of knowledge to BGL. BGL's salvage team, led by Will Carrier, is also as good as you get having been involved in countless major recoveries with Will best known for heading the very famous recovery of the Russian "Kursk" submarine.

In addition, BGL is in advanced talks with a leading UK salvage vessel owner where it is likely the necessary vessels will be provided on a participating equity basis which will allow for an extended salvage activity and a substantially de-risked project. As Nick Henry said "For so long as the research is correct (and BGL believes it is), this is a low risk project"!

The capital raising is being done predominantly privately but the Angel Business Club has established a bespoke site AngeEQT.com where any potential investor can register interest. Given this, and the significant early support from members, Philip is quick to recognise the huge value the Club has brought to BGL. That said, he has high hopes for a large private investor participation, so that the benefits and enjoyment of this exceptional project may be widely shared. As a footnote, it is not surprising that television companies have shown wide interest and a deal with a major broadcaster is not far off.