

ACF Equity Research Executive Interview with Silver Hammer Mining (TSXV:HAMR, OTCQB:HAMRF) ESG (Podcast 2 of 3)

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Renas Sidahmed (Sales & Strategy / Staff Analyst): Welcome to part two of our Morgan Lekstrom Silver Hammer Executive Interview. Today we are discussing the value generation of ESG and we will tie this up with a little of Morgan's background to give context. If you like this, watch out for part three coming next week.

Renas Sidahmed (Sales & Strategy / Staff Analyst): Welcome back Morgan.

Morgan Lekstrom (CEO of Silver Hammer): Thanks for having me on.

Christopher Nicholson (Head of Research / MD): Morgan, just picking up a little bit on your inspiration and vision for the sector. Do you think that has anything to do with your engineering background?

Morgan Lekstrom (CEO of Silver Hammer): My background is technical in nature, and it's given me a lot of insight to the industry. I spent most of my time building mines around the world with large companies between Indonesia and Mongolia, West Africa, Peru, and definitely having that boots on the ground [experience] gives you a little more cultural insight [into ESG] into how the actual mining culture affects local communities, but also how it's viewed.

Renas Sidahmed (Sales & Strategy / Staff Analyst): How actually is Silver Hammer addressing ESG?

Morgan Lekstrom (CEO of Silver Hammer): We're a junior mining explorer and one of the things when I joined the company, we looked at was how do we drill different? How do we do it different? General drilling in the United States is, you pile in a row and you bring a big massive drill in and you drill off of a huge pad.

And we looked at once, well, hold on, we have some technology in Canada that we use for low-impact drilling because we're very sensitive up here, especially in the Arctic. We worked with a local contractor that had an idea of what they're doing down there and we started using it down in Idaho.

And now we have a low impact drilling method. It requires nothing to be disturbed. It's almost no surface disturbance other than really the drill core, which is two to four inches. And that's it. So that's something we're looking at. We're not a major.

We don't have a whole technology division, but I think there's ways to look at modern drilling methods, modern exploration methods, using geophysics instead of trenching. There's a whole bunch of stuff that we as a company are doing in the background. Working with local organizations like the US forest service to understand their laws and say maybe we can design a technology to fit within that instead of fighting it [their laws].

Renas Sidahmed (Sales & Strategy / Staff Analyst): Can you actually make a commitment then about your efforts for the future to investors today in relation to sustainability at Silver Hammer?

Morgan Lekstrom (CEO of Silver Hammer): Yeah. I have no problem saying that's [ESG is] at the forefront of what we're doing. We are trying to do, you know, the thing about ESG is doing it right.

You know, are we doing it right? Are we being socially responsible? Are we looking for diversity? But I mean, we're proving that we're doing that with our low impact drilling methods.

Christopher Nicholson (Head of Research / MD): Morgan, are you able to name those low impact drilling methods, the technology specifically?

Morgan Lekstrom (CEO of Silver Hammer): Yeah, it's a standard core drill. It's just how you use it and how you get access to it instead of putting in a road, maybe we make it modular and we fly it in, or we drive it in with a pickup truck and everything stands off the ground.

So instead of just digging it, put it back in the ground and messing up a huge parcel, a hundred foot by a hundred foot or 30 foot by 30 foot, now we send it off on timber pads so it's just a couple of posts on the ground and in your drill core or your drill bit going in. It's just different ways of thinking about how your environment has [been] impacted.

Renas Sidahmed (Sales & Strategy / Staff Analyst): We touched upon ESG, which then leads me to talk about transparency as that it obviously is very important to investors. Is the mining industry transparent enough for investors? And what does that look like?

Morgan Lekstrom (CEO of Silver Hammer): I do think the mining industry [is transparent], I mean, we're highly regulated. We are transparent. What I think the miscommunication with investors is the understanding. It's very technical industry, right? It's not like tech in the sense where you have an iPhone and you grab your phone and you're like, look at my phone. It does this, right?

The mining industry is more complex than that and we need to simplify. Albeit a lot of the investors in it are looking for large payoff, stock appreciation, all that kind of stuff. I think it's transparent. And I think the regulators do a great job of keeping it transparent as humanly possible but, it comes down to fundamental understanding, do people understand what you're talking about? You can be as transparent as you want, but if you don't get the message across them, they're going to think you're not. It's great to put on a technical report and talk like a geologist or talk like an engineer and really just put it all out there.

But if the audience you're giving that to doesn't quite get it, they're going to feel misled [we are not transparent]. And I think we do a great job of giving the information, we just sometimes need to do a better job of simplifying the information.

Christopher Nicholson (Head of Research / MD): Just going down a little bit more on that track Morgan, because I think there's a really interesting point. If you could improve one thing, what would you drive for with your compatriots?

Morgan Lekstrom (CEO of Silver Hammer): I would say simplification. It really is about the message. It's about the messaging. It's about how people understand what we're doing. I'm 37 and I talked to my friends that are in their mid-forties and they still have no idea what I do. Like what do you do for a living? You know, what is mining? Does that mean like, we're just going to blow up a mountain?

I'm like, oh, we have not done a great job of messaging what mining is. It's seen as a very aged industry it's seen as an industry that our parents really run. They ran that and now there's not a lot of folks going into it, which is actually a fundamental problem.

But for me, it's just all about getting awareness out there and that to me brings transparency right away. If you can explain it to someone simply, they can simply understand it.

Renas Sidahmed (Sales & Strategy / Staff Analyst): Thank you so much Morgan, for a very interesting podcast and providing your insights.

Morgan Lekstrom (CEO of Silver Hammer): I appreciate it, guys. Thank you so much.