

Losing Out on Jurisdictional Roulette

written by Christopher Ecclestone | March 20, 2026

Its now a few years since the government in Ottawa brought down a mallet on the dreams/illusions of the listed junior critical minerals space in prohibiting the sale of projects to China. We won't go into the background for this volte face except to say that we suspected that the Bat Phone with Washington had started ringing and the order was given to stop the Chinese advance in its tracks.

This was particularly ironic as the great offender on this score was the US in allowing Cabot Corporation (NYSE: CBT) to sell its Specialty Fluids divisions to Sinomine Resource Group Co., Ltd. (SZSE: 002738) thus delivering a Canadian mining asset and almost total dominance of the Cesium space to the Chinese with so much as a by-your-leave to Canada's considerations.

But the worm had turned and suddenly the US wanted China in the freezer and the party to pay for this strategy was not any US company with mining ambitions (though we note that MP Materials Corp. (NYSE: MP) was merrily selling the majority of its rare earth concentrate to Shenghe Resources Holding Co., Ltd., before halting shipments to China in 2025 amid tariffs and trade tensions) but it would be instead Canadian juniors.

Australia had cooked up a more nuanced stance that the Chinese could not buy up (in theory) onshore critical minerals assets (and even more prosaic mining assets) but could acquire companies with such assets in Africa, for example, by acquiring such ASX-listed entities that held these overseas assets. Canberra presumably saw that a ban on Chinese buying would take the wind out of juniors listed downunder.

In October 2022, Ottawa said investments from foreign state-owned companies in Canadian critical minerals could also be considered injurious to national security. A few days later, it ordered three Chinese companies to exit the three Canadian-listed firms.

Then very public spankings for the thought crime of entering Chinese strategic stake giving/selling was meted out to Lithium Chile Inc. (TSXV: LITH | OTCQB: LTMCF) (with an asset in Argentina, bizarrely), Solaris Resources Inc. (TSX: SLS | NYSE American: SLSR) – with a copper asset in Ecuador, and SRG Mining Inc. (formerly SRG Graphite Inc.) (TSXV: SRG) – with an asset in Guinea. Solaris initially talked of redomiciling to Ecuador and then chose Switzerland and executed a complicated restructuring on its road to Zug.

The “Sad” Tale of Falcon Energy

We first came across this company early last decade when it was part of a two-headed beast that had nickel and graphite. While both battery elements, there were no other such combos that we knew off and so it divided in two.

One of these parts was Sama Resources Inc. (TSXV: SME | OTC: SAMMF), which spun out its graphite assets into SRG Graphite Inc., later listed on the TSX Venture Exchange under the symbol SRG in 2017. Its flagship asset, the Lola Graphite Project in the Republic of Guinea, hosts significant near-surface graphite mineralization. The deposit, covering approximately 3.2 km², is estimated to contain 46 million tonnes (measured and indicated) grading 4.09% graphitic carbon, for 1.88 million tonnes of contained graphite. Over half of the graphite at Lola is

classified as large flake (+80 mesh), with approximately 26% considered jumbo flake (+50 mesh).

Then the company fell foul of the Canadian government's ban on it taking on a Chinese strategic investor and SRG was forced to cancel a tie-up with a Chinese anode materials manufacturer. The transaction would have seen C\$16.9 million (US\$12.7 million) invested into the company, as well as a partnership formed to build an anode facility in Morocco, where Falcon planned to process the graphite mined from the Lola site at a state-of-the-art 26 ktpa CSPG production facility in Morocco.

Then the company announced plans in 2023 to redomicile outside of Canada, shifting itself to the United Arab Emirates in a move that "would make it easier to secure foreign investments".

However, then it rebranded itself as Falcon Energy Materials plc (TSXV: FLCN | OTCQB: FLCNF), continuing to trade in the Canadian market under a new ticker symbol while maintaining its new headquarters in Abu Dhabi. It was noted that the UAE has double taxation and bilateral investment treaties with Guinea. However, as things have played out this did not provide much protection.

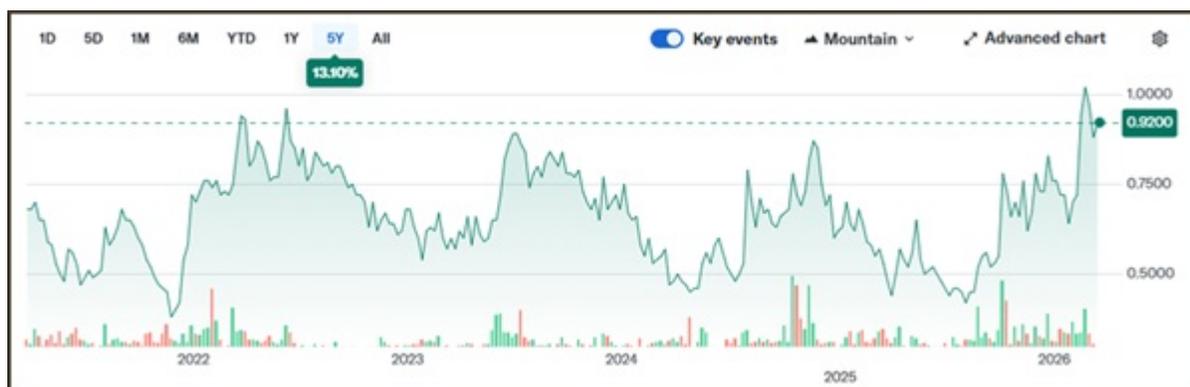
Fast forward to more recent times and, in May of 2025, Guinea unilaterally revoked the exploitation license of the project. The company subsequently approached the Ministry of Mines in an effort to resolve the situation amicably. In the absence of any response, Falcon notified Guinea of a dispute under the UAE-Guinea BIT, which triggered a 6-month period to seek an amicable resolution to the dispute. Falcon agreed to continue negotiating beyond the six months in an attempt to resolve the dispute amicably. However, it became clear that Guinea would not offer any compensation to Falcon for its losses.

Then, in mid-March of 2026, Falcon Energy Materials plc (TSXV: FLCN | OTCQB: FLCNF) announced that it had formally commenced

international arbitration proceedings over the illegal expropriation and other breaches of the bilateral investment treaty between the Governments of the United Arab Emirates and Guinea.

The claimed an initial estimate of compensation for the damages sustained by the Company resulting from the actions of the Government of Guinea, currently estimated at US\$100 million.

The International Centre for Settlement of Investment Disputes (ICSID) Convention has been ratified by 158 States, including Guinea. An award issued by an ICSID tribunal is enforceable in any one of those 158 member States as if it were a judgment of one of their own courts. According to Falcon, states have historically often complied voluntarily with the payment terms of such awards.



The company's market cap these days is around CAD\$121mn. The chart above shows it has essentially gone nowhere since mid-2022.

Ironically though, the stay-at-home, Lithium Chile Inc. (TSXV: LITH | OTCQB: LTMCF), is in the process of selling its Argentinian Arizaro project to China Union Holdings Ltd. for a total consideration of US\$175mn. Seemingly rules have changed and Lithium Chile has received some sort of papal dispensation from Ottawa to sell what was so precious and strategic less than a handful of years ago.

We see two ironies here. The first would be if Falcon does not get what it wants and then appeals to Ottawa to intervene on its behalf with Guinea. The second would be if Guinea flips the asset to a Chinese buyer as we have seen in other jurisdictions in Africa and in places like Bolivia when “nationalisations” have taken place.

The lesson in this story is “Redomicle in haste, repent at leisure”.