

Big backers

Fifth Column

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Shareholder activism has gone much further than usual as far as Triple Plate Junction plc is concerned. To start with, shareholders voted against a proposal by most of the directors that TPJ be de-listed from London's Alternative Investment Market (AIM).

After that it was obvious those directors who had put forward the proposal – including founders Ian Gowrie-Smith, the chairman, and David Lees, an executive director – would have to go. And go they did. So the board had to be rebuilt.

This has been done relatively quickly and high-calibre people have been attracted to TPJ in spite of its immediate problems.

Problems? Well, for example, TPJ admitted it had less than £50,000 of available cash and, because of a technicality, could not issue any shares to raise money. So, when the new non-executive directors were appointed, they agreed to defer their monthly pay and also had the option to take 25% of their first year's remuneration in shares.

TPJ obviously needed to raise more debt. But who would provide it?

The answer came earlier this month when TPJ announced some big shareholders had come to the rescue by providing £230,000 via convertible loans. This would cover the company's immediate needs and the shareholders promised more money if necessary.

Significantly, it is a subsidiary of Newmont Mining Corp, one of the world's biggest gold producers, that is providing much of the new cash, £150,000.

Newmont knows TPJ well because they have a joint venture in Papua New Guinea. This

covers exploration licences and licence applications in the Morobe area of PNG, including TPJ's Otibanda project that, the company insists, is its most promising asset in that country.

Also stepping in with financial help is Asterion AV Ltd, into which Steven Poulton has put his TPJ shares. Mr Poulton, a geologist, is well-known in London as founder and chief executive of Ariana Resources. Asterion is "an active value investor in fledgling resources companies, typically those with a market value of less than £20 million".

Asterion and another shareholder, Strategi Menkul Degerler AS, a Turkish financial services company, have provided TPJ with £80,000 between them in exchange for loan notes.

So, why are these shareholders so supportive?

Tony Shearer, who has taken over as TPJ's chairman, points out the company also has a joint venture and farm-in agreement on its Wamum project in Papua New Guinea with a subsidiary of Barrick Gold Corp, the world's biggest gold producer.

"People have lost sight of the potential in [TPJ's] assets," Mr Shearer says. Barrick mines more than 7Moz of gold a year and Newmont produces over 5Moz. "Barrick and Newmont don't mess around with projects that are likely to produce only a few thousand ounces a year," Mr Shearer adds.

TPJ is one of a number of companies started by Australian entrepreneur Mr Gowrie-Smith, who has been based in London since 1984. He has mainly concentrated on investing in private companies and then taking them public.

In the UK Mr Gowrie-Smith is best known for having founded and been chairman of two listed pharmaceutical companies, Medeva plc and Skyepharma plc. However, he also received a great deal of attention in 2003 in the general media when he divorced his wife of 30 years with a settlement that cost him £9.5 million.

More recently his focus returned to the mining and oil and gas sectors, particularly in Papua New Guinea. He once said his interest in PNG was triggered by stories of his mother's honeymoon there.

In 1966 he made his first visit to PNG with Prince Charles, heir to the UK throne, while both were studying at Geelong Grammar School, in Victoria. Mr Gowrie-Smith later earned his Bachelor of Commerce degree at the University of Melbourne. Of PNG he once said: "There's nowhere in the world quite like it. It's wild, wonderful, exciting, exhilarating and scary."

And sometimes profitable. On his 61st birthday in June last year, Mr Gowrie-Smith closed a deal to sell Rift Oil, a PNG-focused oil and gas exploration company he founded, for £115 million. This was 15 times its market value when it listed on AIM three years before. He collected £9.4 million from the sale.

His experience with TPJ, however, has so far failed miserably to come up to expectations. In January 2004 the company was re-admitted to AIM with a share price of 30p and a market value £10.8 million.

Since then TPJ has acquired copper and gold exploration interests in PNG, Vietnam and

Zambia, as well as completing the arrangements with Barrick and Newmont. But the share price continued to languish.

Problems in Vietnam that led to TPJ closing its office there, the company's failure to generate cash flows from mining in Zambia and its withdrawal from that country, helped to depress the share price. And TPJ was not immune from the global credit squeeze.

Claiming the market was not giving TPJ proper recognition and there was little liquidity, towards the end of last year some of the directors formally proposed the company be delisted from AIM – a move that would save an estimated £175,000 a year.

However, shareholders at the annual meeting on New Year's Eve 2009, rejected the proposal and the share price responded by jumping by 70%. Nevertheless, today it is still only about 1.05p, giving TPJ a market value of £1.81 million.

Mr Shearer joined TPJ after being sounded out by a contact who knew one of the shareholders. A chartered accountant by training, he is also well acquainted with the mining and metals business.

In October last year he gave up the non-executive chairmanship of Uruguay Mineral Exploration Inc, the AIM- and Toronto-listed company, (since re-named Orosur Mining Inc) saying: "After more than seven years as chairman of UME, I have decided that UME needs a new chairman with different skills and a fresh mind to help guide the company."

For some years he also has been a non-executive director of Wogen plc, the speciality-metals trading company.

Early in his career, Mr Shearer, 61, spent more than 20 years with Deloitte Haskins & Sells, chartered accountants, in London, Johannesburg and Edinburgh, and was its partner between 1980 and 1988. Then he joined the M&G Group, the financial institution, as finance director and later became its chief operating officer. He was chief executive of Singer & Friedlander Group plc until 2005, and led the sale of that financial services group to Kaupthing, the Icelandic bank.

His appointment to the TPJ board, initially as a director, was announced on June 1, along with that of Patrick Gorman, a mining engineer introduced to TPJ by Newmont.

At the same time, Mr Gowrie-Smith, Mr Lees and Peter Wright, the finance director, resigned.

In his 35 years in the industry, Mr Gorman, 57, has had very wide and varied experience. For example, his feasibility study experience has included Escondida copper in Chile, Rebecca gold in Zimbabwe, Loma de Niquel in Venezuela and Castellanos lead/zinc in Cuba.

He has led or been a key member of long term technical re-development and co-operation programmes at Trepca-UNMIK in Kosovo, Jiangxi Copper in China, Buryatzoloto Gold in Russia and Zhayrem Manganese in Kazakhstan.

He has extensive experience in the formation, management, legal representation and business development of mining companies and consultancies in Australia, Chile and the UK. And, of course, he has held non-executive positions on the boards of AIM and TSX companies.

TPJ announced more appointments on June 28. These included a new non-executive director in Chris Goss, who recently retired from the International Finance Corporation (IFC), the private sector arm of the World Bank Group. Also, Terry Cross became TPJ's chief financial officer and will join the board in the near future.

Mr Goss has an MA in development economics from the University of Sussex and a BA in economics from Cambridge University. From 2006 until his retirement in May this year, he was based in London, leading IFC's business development for mining and oil and gas. He also managed the relationship with major IFC clients headquartered in London, including Rio Tinto, Anglo American and Lonmin.

Mr Cross holds an MBA from the University of the Witwatersrand, Johannesburg, an Advanced Financial Management Diploma from the Institute of Chartered Secretaries and Administrators, and a Bachelor of Commerce from the University of South Africa, Pretoria.

He has extensive finance experience at senior management and board level in small and "blue chip" companies in the UK and South Africa. This includes experience with mining companies listed in South Africa and on AIM, including Alexander Mining plc and Chaarat Gold Holdings Ltd.

Also on the revamped TPJ board is the one director who was not in favour of TPJ giving up its AIM listing. Bill Howell, the exploration director, is a geologist who previously worked for BHP and Normandy Mining. He has managed and led the teams of a number projects, including the recent major gold discovery at Martabe, Indonesia. And, says Mr Shearer: "Bill knows PNG well."

Mr Shearer says that, since he became involved with TPJ, there have been no unpleasant surprises. He adds: "The underlying projects are fantastic and we really could not better our partners in the joint ventures. The challenge is to take advantage of the possibilities. We don't need too much success to do better."

He adds: "The [£230,000] loans show a high degree of confidence in the company's future. They enable us to continue to operate over the coming months until such time as we can request authority from our shareholders to allot shares and can raise adequate equity capital with which to implement re-invigorated business plans. The company has a number of exciting projects and these funds enable us to make progress."

Thanks to shareholder activism and support, Mr Shearer expects that by September the new TPJ board will have a clear idea of the financial requirements needed to move ahead with the joint ventures, as well as with more exploration in Vietnam.