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Anglo Pacific Uses Money And Influence To Good Effect

By Jack Hammer

There are quite a lot of exploration companies these days who'd like to get their hands on a bit of [Anglo Pacific Group's](#) £9.8million cash pile. That's the amount London listed Anglo Pacific booked at its last financial results, for the year to December. Of course, time has marched on since then. Not only has the company put some of that cash towards upping its stake in [Firestone Ventures](#) to 17 per cent, but there's no knowing what activity there's been on the £67million investment portfolio that was also on the books at the year end. A total of £77million as a deployable war chest makes Anglo Pacific a company not to be sniffed at, and gives it some clout on strategy too, but the company keeps its cards pretty close to its chest.

Talk in the market that Anglo Pacific was behind the recent change of management and direction at [North Australian Diamonds](#) is batted aside by Anglo Pacific finance director Matthew Tack. North Australian's managing director Alan Campbell resigned on 8th February and shortly afterwards North Australian announced that in addition to development work at its Merlin diamond deposit, there would also be a new focus on uranium. Its shares initially strengthened on that news, but have since weakened considerably, and are now at a year low.

But Anglo Pacific has been gradually increasing its stake in North Australian via on-market purchases since last November, and has continued to buy following the installment of new non-executives on 16th February. It also took just under a third of the 34.9m new shares that were issued in a A\$1.5m placing four days after Mr. Campbell's departure. "As far as I'm aware", says Matthew Tack of Mr. Campbell, "he just thought it was time to leave". And was no doubt helped along by his A\$72,500 pay-off .

Mr. Tack may not have been long on the board of Anglo Pacific, but he's nobody's fool. "Obviously there've been some changes in the management team at North Australian", he says. "These things change at companies regularly, and we're not going to comment on our relationship with specific companies". He does say that North Australian has got "some exciting sounding uranium tenements", and that the Merlin deposit is "very interesting". But he manages to imply that the idea that Anglo Pacific was behind the recent changes is false, without actually ever saying so.

Perhaps, though, it's no co-incidence that Lori Walton's [Firestone Ventures](#) is also busy looking at new uranium opportunities to balance against older assets in its

portfolio. Anglo Pacific may not be pulling the strings precisely, but it certainly seems to know what it likes.

And this is a company that over the years has earned the right to pick and choose. Backed by a regular income stream from two coal royalties from Australian mines, Anglo Pacific has managed to multiply its balance sheet net asset value by three times over the past four years, while consistently paying a dividend yielding around five per cent. Not many companies can say that. And the NAV numbers are just book values, marked to market. The real value of the portfolio could be higher if one of Anglo Pacific's investments comes in big.

But in spite of steadily growing influence, the Anglo Pacific boys remain a cautious bunch. They're accountants, after all. Not a geologist, mining engineer, or even a metallurgist among them. To be fair, one non-executive is a chemical engineer. But in general what they know about is money, not mining. Hence the cash flow, the strong balance sheet, and the growing value of the portfolio. Hence also the penchant for avoiding political risk, and the focus on Australia and the Americas. Key investments in those regions include [Platinum Australia](#), OmegaCorp, [Cambrian Mining](#), [Horizonte](#), Firestone, and a directly held coal project in Canada. There's also a joint venture with Australia's Core Resources.

That careful approach has attracted some bigger fish onto Anglo Pacific's own shareholder register, including AXA, Rathbone, and Legal and General. "We've got a good spread", emphasises Mr Tack, "gold, copper, coal-bed methane..." And a little bit of influence too.