

Intrepid Mines: Letter to Shareholders

07.05.2014 | [Marketwired](#)

BRISBANE, AUSTRALIA--(Marketwired - May 7, 2014) - [Intrepid Mines Ltd. \(TSX:IAU\)\(ASX:IAU\)](#) (the "Company" or "Intrepid") releases a letter to shareholders.

Dear fellow shareholder

As you will be aware, you are being asked to vote at an Extraordinary General Meeting (EGM) on 13 May 2014 to replace the majority of the existing Board of Directors.

Activist shareholder Quantum Pacific is making another attempt to oust your Board with its requisitioned EGM next week. It has recently written to some shareholders, making several baseless allegations against your Directors.

Below are statements that set the record straight, make the Board's position absolutely clear and unequivocal to all shareholders and seek your support for the current Board by voting AGAINST each of the resolutions.

Quantum Pacific's current and previous actions have demonstrated that its ultimate goal is to gain control of the Company and its cash reserves without having to make a takeover bid.

It is important that you know the Company has explained to Quantum Pacific's spokesperson, Mr Greg Mazur that the EGM is an unnecessary and superfluous distraction and cost to the Company given that all of the current Directors are up for re-election at the Company's AGM on 30 May 2014.

And as previously advised, shareholders will be given the opportunity at the AGM to vote on a return of capital. The Board of Directors has also given an undertaking that shareholders will be asked to vote on any new investment opportunities proposed by the Company.

Your current Board of Directors - which has more than 35 years of experience with Intrepid - is ensuring that it will be shareholders that will determine the best way forward by voting on all options.

I have spoken with a number of major institutional shareholders in the lead up to the EGM and I am pleased to confirm that those shareholders continue to support your Board and management.

As to the baseless allegations by Quantum:

Allegation 1: Board has presented a flawed proposal by offering to return to shareholders substantially less than its current cash balance.

Reality: By pressing on the Board what is in effect a hasty and ill-considered proposal to wind up the Company, Quantum has created potential contingent liabilities that do not exist under a business-as-usual scenario. In every company, there are costs associated with winding up the business that are not listed in financial accounts which are prepared on a going-concern basis.

In Intrepid's case, these costs are potentially significant because the Company has operated in various jurisdictions around the globe. Final clearances in each of the jurisdictions in which it and its subsidiaries have operated need to be received from regulatory authorities before all available surplus funds can be

released. To suggest that this indicates some form of conspiracy to hide cash away from shareholders is little short of ridiculous.

Allegation 2: The Board has decided to restrict shareholders to only voting on a return of capital, because it has a higher approval threshold, thus allowing the Board to ignore a majority vote in favour of a capital return.

Reality: The Board is giving shareholders the opportunity to vote on a return of capital at the AGM, because this is the only option that could have been put in the time available. A share buyback, because it does not necessarily affect all shareholders equally, requires a higher level of scrutiny, including an independent expert's report on the fairness of the proposed transaction. Despite Quantum's claims to the contrary, this form of return simply could not be prepared and reviewed by the regulator by the time the Notice of Meeting had to go to the printers to meet ASX and TSX statutory deadlines. The Board's view remains that if 75% of shareholders support the return of capital, then a decision will have been made, and we will move promptly to winding up the Company.

In the event that shareholders do not approve the return of capital, then the Board's aim will be to provide as much information as possible to allow you to see a range of alternatives before you irrevocably determine the Company's future. We will then bring all of those alternatives to yet another EGM in August 2014, including an investment proposition, a return of capital, a share buyback or even a combination.

It is noteworthy that in their Requisition for a shareholder meeting to consider returning money to shareholders, Quantum and Fides listed the Return of Capital as their preferred option presumably in full knowledge that the resolution required 75% approval.

Allegation 3: The Board favours a new acquisition, and is structuring the vote to maximise the probability of that being approved.

Reality: Your Board believes that in a situation where different shareholders have different objectives, a fully informed shareholder vote is the only way to resolve the differences fairly. We know that some shareholders currently prefer a return of capital, and this will be tested at the AGM. However, the only way that this will be an informed choice is if you also know what the alternatives are. It is Quantum Pacific who do not want you to see these alternatives, as they would only allow a vote on a return of capital.

Summary and recommendation

Quantum Pacific tried unsuccessfully to remove the Board in June 2013 and are doing so again, using misinformation as the basis for pursuing their own agenda. In calling for this meeting, Quantum is also causing the Company to incur unnecessary costs, given that the Annual General Meeting is just over two weeks later where all Directors are up for election, and the question of a capital return versus alternative uses of funds can be appropriately dealt with.

Shareholders (including Quantum Pacific) recently voted overwhelmingly in favour of a settlement to the Indonesian dispute - a clear endorsement of the actions of the present Board.

I urge you to vote AGAINST each of the resolutions, and to allow the present Board to continue to act in the interests of all shareholders. I look forward to chairing the Annual General meeting, discussing the future of the Company and giving shareholders the opportunity to guide the way forward.

In the meantime, should you have any questions please do not hesitate to contact me or Scott Lowe.

Yours sincerely

Ian McMaster AM, **Chairman**

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/172794--Intrepid-Mines--Letter-to-Shareholders.html>

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