

# Concerned Shareholders of New Millennium Iron Corp. Respond to New Millennium's March 1 Letter to Shareholders

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## Concerned Shareholders urge ALL shareholders to VOTE utilizing the BLUE proxy form and to VOTE in favour of CHANGE

TORONTO, March 3, 2016 - Susan Milton and Greg Chorny, the Concerned Shareholders of [New Millennium Iron Corp.](#) ("NML" or the "Company"), are responding to various misstatements set out in a March 1, 2016 letter from the NML Board and management addressed to shareholders. We would ask all shareholders to carefully review our responses to the various communications made by NML - all of which are available at [www.saveNML.com](http://www.saveNML.com).

## Our Uniquely Qualified and Experienced Nominees

Management originally asked shareholders to believe that our nominees had no relevant experience. However, after Institutional Shareholder Services Inc. ("ISS") (an independent advisory firm which, among other services, analyzes and provides voting recommendations to subscribers, including pension funds, investment managers, mutual funds and other institutional shareholders) stated that this assertion was false, management resorted to an allegation that we would outsource the management of NML. This is once again patently false.

Our nominees have significant mining, operational, capital markets, investment and turnaround experience, and with these skills they will implement a plan to enhance shareholder value. We have clearly set out a detailed plan on pages 11-14 of our February 18, 2016 proxy circular that calls for significant reduction in expenses, preserving the assets, improved disclosure, a review of investment opportunities and finalizing a new strategic plan. In developing a more thorough strategic plan, our nominees will seek advice from people who are intimately familiar with the NML assets, such as a founder of NML (Mr. Bish Chanda), and use a few of the current employees who are required. In addition, the nominees expect to review their final strategic plan with a world-leading expert at a fraction of the cost of the annual compensation of any of the executives of NML. It is prudent and common practice in the iron ore sector to use competent independent consultants; however, we have no intention of using the number of consultants that NML uses.

NML continues to tout its 210 years of collective experience. We would once again note that Glass Lewis, another independent advisory firm, stated that NML's comparative performance "work against the notion that investors have directly and decisively benefited from the '210 years' of collective management experience frequently cited in NML's materials, or that the market has substantively bought-in to the board's arguments related to cost cutting or the oft-noted NuTac strategy".

## The NuTac Project

In response to management's ongoing defence of its make work project called NuTac, one of the founders of NML noted as follows:

Just in October 2015, NML announced the suspension of the Taconite Project feasibility study, which was jointly undertaken with Tata Steel, because of challenging market conditions. This project was advanced enough to be completed in the near term. NML would have stood to benefit if Tata was to proceed with the development of the Project. The Project was a non-starter because of the massive amount of capital needed: estimated at approximately C\$7-8 billion. NML announced in September 2015 a new strategic initiative called NuTac involving the rescoping of a taconite project sized for market entry and at a capital cost that increased the opportunity for investment and development. A pre-feasibility level study is expected to be completed sometime in Q2 2016. Does NML think that NuTac could be monetized before 2018 in today's environment when more advanced iron ore projects are getting cancelled or being simply abandoned? Why would Tata, a partner in the Taconite Project, pass up the chance to participate in the so-called market entry project? It is simply nonsensical to talk about monetizing the taconite deposits in today's context. This possibility is far away in the future because of the market situation. Mere mention of it is bordering on the willful spreading of

half-truths.

For a copy of Mr. Chanda's full comments, we would invite you to visit [www.saveNML.com](http://www.saveNML.com).

The suspension of the NuTac Project will not negatively impact NML and none of the independent experts we have consulted with believe that the NuTac project should be pursued. A NuTac pre-feasibility study would have a limited shelf life and it would likely not be relevant in 10 to 15 years when the market could be ready to finance a greenfield multi-billion dollar pellet project. NML's priority needs to be the preservation and enhancement of value in today's environment.

### **Comparison of NML to its Competitors - Strategic Plan and Compensation**

Management provides opaque examples of why NML is not in a similar position to its competitors in the Labrador Trough and therefore why a "hold" strategy is not appropriate to NML notwithstanding that it is appropriate for each of such competitors. This response appears to be disingenuous. The truth is that NML is an outlier on this issue as well as in respect of compensation and is not acting in a manner that would serve to enhance shareholder value. Among its Labrador Trough peers, we believe that NML stands alone in publicly stating that it may run out of money in 2018, long before a meaningful market recovery for its greenfield projects. Its competitors - some with much more cash - are preparing for the long haul.

In terms of executive compensation, ISS noted that, in respect of Mr. Patzelt's compensation, "it appears that the total compensation of the company's CEO in both 2014 and 2015 is well above its peer median and average. In addition, despite the significant 1-year TSR [total shareholder return] underperformance over management's own disclosed peers of the most recent year, the CEO's total compensation ... appears to indicate a pay for performance misalignment". Mr. Patzelt was awarded a cash bonus of \$175,000 and a pay increase for a total compensation in 2015 of \$584,564. If one looks at NML's competitors, CEOs are taking pay cuts to conserve cash. The part time CFO of NML earned over \$240,000. NML also has a Vice President, Finance who earned over \$230,000. Why does a company with no revenues and no operations need 2 finance officers? In total, 6 senior executives and consultants each receive more than \$200,000 per year to oversee the work of the remaining 10-12 employees and make work projects.

Surely this level of compensation is unacceptable. More importantly, the level of compensation at NML is simply in excess of that of its competitors and entirely misaligned with performance.

### **Poor Disclosure Record and Corporate Governance**

The governance record of NML has been the subject of criticism for years by ISS and others for various reasons, including (i) having a majority of non-independent directors and (ii) having as the Chair of its compensation committee a partner of the law firm that advises the Company. Until shareholders voted to withhold a majority of their votes for the non-Tata directors at the 2015 annual shareholders' meeting, NML chose to ignore the objections of proxy advisory firms and shareholders to its poor corporate governance track record. NML now seeks praises for improving its governance record only after having been compelled to do so by the will of its shareholders.

We have set out a detailed analysis of NML's appalling disclosure record in our proxy circular of February 18, 2016. NML's response is that it was legally able to provide inadequate disclosure and this poor disclosure was necessary to protect the Company. We do not believe these assertions. Glass Lewis correctly observed that NML has a "seeming lack of transparency and apparent disinterest in directly addressing major concerns" raised by shareholders. It is also interesting to note that ISS had come to the conclusion, after discussions with management, that "management is expected to improve the transparency of disclosure to make shareholders stay better informed in terms of their investment in the company". Is management now not prepared to carry through with their commitment to ISS?

### **Manner of Conducting Proxy Fight**

We have paid the full cost of seeking to change the Board of NML out of our own pockets. We have also promised that we would not pay brokers solicitation fees. This has already been made clear on our website.

On the other hand, we understand that management distributed NML's meeting materials to all but the smallest shareholders by courier and is also using robo calls as part of its solicitation efforts. This is unprecedented behaviour for a company the size of NML, which supposedly has "a strong culture of thrift", and shows management's desperation and hypocrisy. It is obviously easy to spend the shareholder's funds to keep your job and privileges - particularly when you hold no shares.

## Support from Glass Lewis and ISS

As previously noted, both ISS and Glass Lewis are in favour of changes to the Board and both recommend shareholders VOTE using the BLUE proxy. Glass Lewis has gone further and recommended that all shareholders vote to remove all of the current 6 non-Tata nominees on the board of directors of NML.

ISS concluded that we had "made a compelling case for some change to the board" of NML. However, ISS noted that shareholders should only vote in favour of the two Concerned Shareholders' nominees they thought were most qualified, being Daniel Owen and Prashant Pathak. It would appear that ISS believed that, while our strategic plan makes sense to a certain extent, management's plan would advance the taconite project while not elevating "a material going concern risk". In light of the fact that management and ISS have conceded that NML only has funds until 2018 based on management's own plan, this conclusion seems illogical. We would also note once again that we have consulted with experts and have yet to find any expert who believes that management's plan or the NuTac Project is prudent. In light of the stated reluctance of ISS to support shareholders who seek to replace a majority of directors and ISS' lack of expertise in being able to discern the differences between the strategic plan of the Concerned Shareholders and the Company's ill-advised plan, we are not surprised by their conclusion not to recommend full support for all our nominees.

## Summary

Management of NML is using your cash to desperately keep themselves in control. They have created easily refutable arguments to support an untenable position. It is time for change. Please vote as soon as you receive the BLUE proxy in the mail in light of the impending deadline of 5:00 pm (Toronto time) on March 10, 2016. We once again thank shareholders for the significant support shown so far and we ask that you continue to register your support for us by completing, signing and returning the BLUE proxy. Every vote regardless of the number of shares is important to ensure we effect change. For ease of voting, please visit [www.saveNML.com](http://www.saveNML.com) and click on the "vote here now" button. Time is running short, and we urge all shareholders to support our effort to enhance your investment in NML.

## Forward-Looking Statements

*Certain statements contained in this press release constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to the Concerned Shareholders, the intentions of the Concerned Shareholders, the impact of the Concerned Shareholders' nominees, if elected, on the financial condition, operations, business and strategies of the Company, the Company or its future management and other matters, are intended to identify forward-looking information. All statements other than statements of historical fact may be forward-looking information. Such statements reflect the Concerned Shareholders' current views and intentions with respect to future events and are subject to certain risks, uncertainties and assumptions. Material factors or assumptions that were applied in providing forward-looking information, include, but are not limited to, NML's future growth potential, its cash position, the future performance and business prospects and opportunities of NML and the current general regulatory environment and economic conditions. Many factors could cause the Company's actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize.*

*Such factors include, but are not limited to, the inability of the Company to continue meeting the listing requirements of stock exchanges and other regulatory requirements; general economic and market factors; general political and social uncertainties; commodity prices; development and operational activities; dilution of the Company's interest in the DSO project; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation affecting the Company; timing and availability of external financing on acceptable terms; conclusions of, or estimates contained in, feasibility studies, pre-feasibility studies or other economic evaluations; the possibility that the anticipated benefits from the election of the Concerned Shareholders' nominees cannot be fully realized or may take longer to realize than expected; and the ability of the Company to retain and hire key personnel and maintain relationships with customers, suppliers or other business partners following the election of the Concerned Shareholders' nominees. Should any factor affect NML in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Concerned Shareholders do not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press*

*release are made as of the date of this press release and the Concerned Shareholders undertake no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.*

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