

A pint with: Liam Twigger

Friday, 18 February 2011

PCF Capital managing director Liam Twigger has been a fixture in the Perth finance scene for over 20 years, but has been making waves in the past couple of years with the launch of web-based marketplace [MinesOnline](#). With the ink barely dry on a deal with TMX Group, the site is set to make its mark on the northern hemisphere. In a two-part chat, Twigger spoke to Kristie Batten about his start as a professional soccer player and how the TMX investment will grow the site.

KB: Could you give me a rundown of your career to date?

LT: Well I had an unusual start. I left school at 15 and started my career as a professional soccer player in England. I emigrated out here as a kid, played a lot of local soccer and was a state player and Australian junior player and I was offered trials in England so I left school at the end of year 10. I was signed up by an English team called Swindon Town and I played with them for two-and-a-half, three years. I wasn't good enough and I came back to Australia when I was 18 with no real qualifications to speak of, trying to work out what I was going to do with the rest of my life and I managed to get into – I think TAFE still run them – a TAE course halfway through the year and all I did was five subjects and you just did exam papers. I think I joined it in May and then sat my TEE in November of that year and managed to get into UWA [University of Western Australia] to do economics.

When I finished my economics degree, I joined Robert Holmes à Court in '85 – he was a corporate raider in the early '80s. He went bust following the '87 crash. At the end of '87 when the market crashed, I went to Bond Gold, so worked for Alan Bond. I was assistant treasurer of his gold business and then they were taken out by Normandy Poseidon in about 1989 and I left and spent five years setting up the gold risk management business of a group called Fincorp and they then became Oakvale Capital and they're specialist treasury advisers.

I had five fun years at Fincorp working out pricing models for derivatives and hedging structures and I think I became so deft at it that Macquarie asked me to join them and set up their bullion and commodities business in Perth, so I worked with James Mactier. We were partners setting up the office and I had three years at Macquarie Bank doing derivatives and project financing and I was head of the office when I left in about '97 to head up Bankers Trust, doing more project finance and equity, and then our parent in North America went bust and I was offered a job with a fund managing business in Melbourne, which I didn't want to do, so I set up Prime Corporate Finance, as it was then known, in 1999 and that then became PCF Capital.

KB: Obviously you wanted to stay in Perth then?

LT: Yeah, I had no interest in going to Sydney or Melbourne and I was keen to back myself. But they were tough times – 1999 to 2003 – the gold price got down to \$230-240 an ounce and copper was 70c a pound. But we had some reasonable support from our clients and we picked up work with Randgold and some of the first jobs we could get were selling mines, so we acted for Randgold and sold their Syama mine in Mali to Resolute and then we got some work with Sons of Gwalia doing a number of deals for them.

We also did project financing and strategic advice but the mine sale side of the business sort of really started to pick up from 2002-03 onwards and over a period of four to five years we were acting for Gold Fields, for Barrick, for Harmony and it really is a strong suit and that's a strong part of the PCF business and that's where we developed this massive network. We've sold mines on every continent – other than Antarctica, of course – so we've got a great client base.

Three years ago we were thinking, we've got this global client base, and people were approaching us with smaller assets that wouldn't support a full-blown investment banking service. So we were thinking, we know who'd buy them and how to sell them, but how can we make this work? I guess that was the trigger to create [MinesOnline](#), to capture and leverage from that client base we'd established over a long period of time. So we launched [MinesOnline](#) with about a dozen projects and a couple of hundred interested parties 18 months ago.

KB: Last week Toronto Stock Exchange owner TMX Group took a 50% stake in [MinesOnline](#). How did the deal come about?

LT: We developed very quickly a reputation for being a reliable source of quality projects for those on the acquisition front and conduit to capital and investment to those looking for a sale or a joint venture, and more recently, a conduit for governments looking for direct foreign investment, and we met with the TMX Group 12 months ago – it was at the Indaba conference this time last year. They approached us and said 'Hey, we could see a real fit here. We should get together' and people have asked 'What's in it for the TMX?' The TMX has about 200 shell companies. They're called CPCs – capital pull companies – and they are vehicles with a management team and some cash and they're on a separate exchange. They're not on the TSX-V or TSX main board but they have two years to do a qualifying transaction and then raise some money and then list on the TSX-V or TSX main board. So it's a fantastic mechanism to fast-track listings and they had all these shells and they wanted to find a mechanism to deliver projects to them and I couldn't walk up to one shell and say 'Here's a project' without offering it to all of them, but I guess [MinesOnline](#) seemed like the perfect conduit for them.

The deal with the TMX does three things for us. Firstly, it gave us a significant cash injection. We haven't disclosed what the number is but it's a seven-figure sum and it's more than enough to set us up and help us grow the business, so that was number one. Number two, it's given us a strategic foothold in North America. We'd argue we are the leading dealer of projects in terms of size and volume and we've pretty much covered Australia and the southern hemisphere and have a bigger profile than anybody else. Strategically to grow the business we needed a footprint in the northern hemisphere and the deal with the TSX gives us a staffed office in Toronto and they're going to fund that for the 12 months. Thirdly, and probably most importantly, it gives us access to their 1600-odd listed mining issuers, leveraged from their extensive relationships with mining groups and governments around the world. It's a fantastic partnership and we're absolutely delighted.

A pint with: Liam Twigger – part 2

Friday, 25 February 2011

IN the second part of her chat with MinesOnline managing director Liam Twigger, Kristie Batten finds out how the mining business has changed over the years and how it feels to stand on the back of a truck with Twigger.

KB: MinesOnline seemed like the perfect business idea during the GFC when companies were selling assets for survival. Has the growth continued at a rapid pace after the market's started to recover?

LT: So we started with 12 projects and a couple of hundred interested parties. We've almost sold a project every day this week. We've got terrific turnover. We've got 4000 clients from over 100 countries. We're getting 10,000 visits per month to the website and huge demand for the product. I think it would be fair to say, when the equity market is pumping, people can raise money to keep projects ticking over, there's less incentive to sell them. With the equity market being very strong, I would expect the market for MinesOnline not to be as strong as it could be, but it's still going very well. When the equity market comes off and people are looking to generate some cash, I think it should be counter-cyclical to an extent. We're posting projects almost every other day. We'd certainly love to have more.

We've signed a deal with a government – I can't tell you who it is, it's a Scandinavian country – and we want to be a first source of projects for a country if they're looking to get direct foreign investment and exploration money and we can see that being a great source of deals for us. So ideally, not only will we dominate the mining company sector, we want to have our foot on all of the new projects coming on to the market, especially from these emerging countries, which seem to have the bulk of the opportunities. But it's tough for them, they can go to a conference once a year and have a booth. That is effective to an extent but with our distribution we can get them far more interest.

We've signed the agreement and we're just doing some work. The plan will be to have a web page for that country, so people can look at the fiscal regime, the productivity, the application process etcetera and then we'll have a couple of projects that country is looking to deal on.

KB: So there will be more countries to come?

LT: Absolutely. It's getting the first one, but we thought, having just come back from Indaba, that the market would be receptive to that, the governments would be receptive to that, and they are, but I just think having the more sophisticated countries that have immediately worked out that "we've got ground that's highly prospective, you've got access to all the Australian companies plus all the North Americans – goodness me, this is a very cheap and effective way of promoting our country and getting foreign countries to have a look". So I think once we get this country, there'll be many more. South America beckons as well.

KB: How has the mining industry changed throughout your career?

LT: I guess in terms of the business we do, it's become more competitive and the internet makes life so much more competitive. People can use tools too – there are a number of packages now to talk to mining companies to get what you're looking for, if you're after someone with a certain market cap, a certain product, commodity and production size.

It's become certainly more competitive but with the internet revolution, it's probably been going 10 years at least and the concept of doing deals over the internet, while the older generation, or my generation and upwards, will probably be thinking "no, actually I'd like to go to a conference and meet people". There's a lot more acceptability for doing stuff through the internet, through emails, not necessarily having to talk, reviewing stuff through the net and going a long way down the track before you pick up the phone and make the call.

The internet revolution certainly has come to mining, it's increased productivity across the globe, it's made life a lot more competitive, but you've got to keep that edge and I guess our distribution capacity and our partnership now – we want to be at the front of mining. If someone's looking at doing a deal to sell a mine or to find a joint venture partner, we want to be the first cab off the rank.

KB: What have been the highlights of your career?

LT: This deal with the TMX is right up there, but you're not going to believe this. I had the opportunity to speak, albeit very briefly, on the back of that truck with Twigg Forrest against the mining tax. I was in Craig Oliver's office – God rest his soul – pretty much the day before. I think it was planned on a Wednesday so this was on the Tuesday and he said "Liam, we need someone to speak on behalf of the finance industry, you know this is going to make project finance that much more difficult". And he said "as you can imagine, it's very political and none of the banks want to say anything, but you guys do a lot of project finance – will you do it?" I guess in a moment's weakness I said yes, and I think I got up and spoke for a minute or two and it was fantastic. I'm proud to say I was asked to step up and I was able to deliver a message and I think it went down well and that was an incredible occasion. I think Twigg got up and Dave Flanagan did a fantastic job and then Gina Rinehart gave it a belt and I was about sixth or seventh in line but it was fantastic. As crazy as it sounds, it just sticks with me, getting on the back of that truck.

And I guess building up PCF Capital has been terrific. We've tended to pitch more into North America. We've preferred the Australia/Canada connection rather than the Australia/UK connection. We were never great fans of that and as a point of difference we wanted to get to know some of the North American institutions. So the TMX deal, the deal with CIBC are consistent with that theme and there's more business to be done between some of the big North American names, probably over the next 12 months.

KB: What are your interests outside of work?

LT: I'm on the board of Football West, I'm deputy chairman there. We run soccer in Western Australia, so I've kept my soccer roots. Generally, I stay fit. I think I've done 11 Avon Descents. I'm a keen paddler. Most times I finished with my ski but one time I didn't! I've done the Rottnest Swim and the Busselton Half Iron Man. I think you can't not do it if you're a West Aussie and you've got the time. It's a great place to get out and stay fit.

I'm married with three lovely kids and a gorgeous wife and they've been fantastic support.