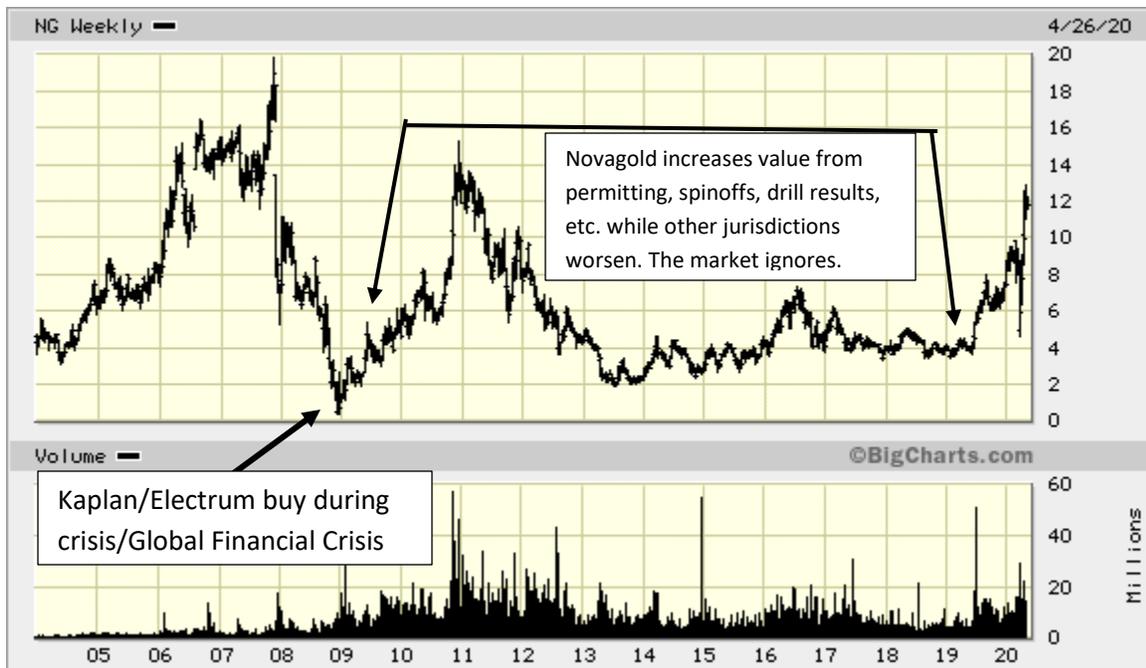


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THOMAS S. KAPLAN

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- Chairman and chief investment officer of Tigris Financial Group
- 47 years old
- Doctorate in philosophy from Oxford University
- Doctoral Thesis Title: 'In the Front Line of the Cold War': Britain Malaya and South-East Asian Security 1948-1955
- Gold Holdings: nearly \$2 billion
- Family: married, with two children



## A Billionaire Goes All-In on Gold



*Tigris Financial's Thomas Kaplan, in his New York office this past week, on his investment focus: 'I feel the only asset I have confidence in is gold.'*

MICHAEL RUBENSTEIN FOR THE WALL STREET JOURNAL

By *Liam Plevin And Carolyn Cui* Updated May 22, 2010 12:01 am ET

Gold is setting records again, boosting the holdings of central banks, Armageddon worrywarts, and ordinary people who own gold bars, coins and jewelry.

But few individuals stand to benefit as much as low-profile billionaire Thomas Kaplan. A New York-born commodities magnate **who earned a doctorate in British colonial history at Oxford**, Mr. Kaplan oversees an empire devoted largely to gold.

Many fund managers and high-rollers have allocated small percentages of their portfolios to gold as a hedge against inflation. But Mr. Kaplan is the bull of bullion. He has gone further than perhaps any other major investor, **betting the majority of his wealth on gold and other precious metals**. And it reflects his deeply held conviction that **global economic instability** could bring rising demand for gold.

Through his firm, Tigris Financial Group, and affiliates, Mr. Kaplan has loaded up on bullion and bought up properties in 17 countries on five continents, where geologists are exploring for more. Tigris subsidiaries have taken stakes in mining companies, including tiny firms that have yet to produce an ounce.

Though he won't disclose how much physical gold he owns, Mr. Kaplan, who is 47 years old, controls up to 30% of the shares in some so-called junior miners. Together, his holdings amount to a nearly \$2 billion bet on gold, more than the Brazilian central bank's bullion is currently worth.

"I've reached a point where **I feel the only asset I have confidence in is gold**," Mr. Kaplan said in an interview at Tigris's midtown Manhattan headquarters.

Mr. Kaplan's views are shaped by a concern, shared by many investors, that heavy government spending hasn't contained the woes facing the financial system. Gold hit

an exchange record of \$1,242.70 a troy ounce at the Comex division of the New York Mercantile Exchange on May 12, days after euro-zone leaders announced a nearly \$1 trillion bailout for ailing member states.

He has experience with how supply and demand can drive the price of raw materials. His doctoral thesis studied Britain's involvement after World War II in Malaya, home to prized rubber and tin. That taught him how far people and governments will go to secure natural resources.

Wanting to apply his insights, he went to Israel to advise hedge funds. **His nose for finding valuable resources was developed at firms he started that explored for silver and natural gas, which helped him make his fortune.**

### *On Demand and Supply*

Gold miners are struggling to make major discoveries and it takes years to bring new finds into production. If people want to stock up on gold in a hurry, it will be hard to ramp up production enough to satisfy them, Mr. Kaplan believes.

"You've got a perfect storm with no apparent solution," he said. "If the world does well, gold will be fine. If the world doesn't do well, gold will also do fine ... but a lot of other things could collapse."

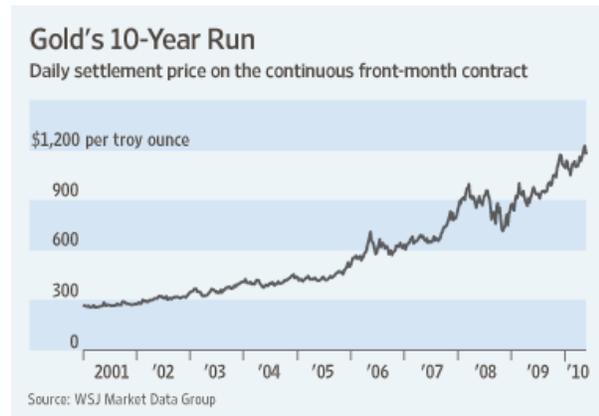
Mr. Kaplan is known in the mining industry for his all-in approach. "When he likes something, he dives in with both feet," Egizio Bianchini, a banker at BMO Capital Markets in Toronto, said of Mr. Kaplan, whom he has worked with in the past.

In his charitable endeavors, Mr. Kaplan works similarly. In 2006, he co-founded Panthera Corp., whose "single-minded pursuit" is preserving the world's endangered wild cats, he wrote in an open letter on the group's site in which he cited inspirational quotes by Winston Churchill, Edward R. Murrow and Marcus Aurelius.

Mr. Kaplan is also president of the board of directors at New York's 92nd Street Y, a prominent cultural organization that is a magnet for New York's elite. And he is a

benefactor of Eternal Jewish Family, a group dedicated to uniform rules governing conversions to Judaism whose leader resigned last year amid an alleged sex scandal.

In some cases, Mr. Kaplan has invested in gold miners that have also attracted the attention of fellow billionaires, such as George Soros and John Paulson.



Mr. Kaplan put money into one firm, [Gabriel Resources](#) Ltd., in late 2007 after Mr. Paulson, who made billions of dollars betting against housing markets, mentioned how low the stock had fallen while they attended "The Nutcracker" at the New York City Ballet. "I'm there," Mr. Kaplan recalls was his response.

In early March, Mr. Paulson's firm, Paulson & Co., and Quantum Partners, Ltd., an investment fund run by Soros Fund Management, invested \$100 million and \$75 million, respectively, in [NovaGold Resources Inc.](#), a Canadian miner, paying \$5.50 a share. Their move came a year after Mr. Kaplan, who has \$69 million invested in the company, acquired 30% of the firm for \$1.30 a share.

Gold prices are up 7.4% this year, after rising 24% last year, which was the ninth straight up year for bullion. Mr. Kaplan thinks that greater gains are coming. "I wouldn't even say we're in a bull market yet," he said.

**But Mr. Kaplan has concentrated risk in a volatile sector**, and he knows the potential pitfalls better than most.

In 2008, for instance, a company that Mr. Kaplan founded, Apex Silver Mines Ltd., went bankrupt, felled by the terms of a loan made after Mr. Kaplan left the company in 2004. The company emerged from bankruptcy last year, and now operates as Golden Minerals Co.

In January 2009, Mr. Kaplan received a so-called Wells notice from the Securities and Exchange Commission related to what the company said were "impermissible payments" of \$125,000 to government officials by executives at a South American subsidiary.

The SEC delivers Wells notices to inform recipients that it may bring an enforcement action, providing an opportunity for the recipient to persuade the agency not to pursue charges. No charges have been filed against Mr. Kaplan. An SEC spokesman declined to comment.

### *Concentrated Risk*

Mr. Kaplan's current investments also carry risk. Gabriel Resources owns Europe's biggest undeveloped gold deposit, in Romania, but has been waiting for government approval for years. He has \$100 million at stake in the company.

Mr. Kaplan acknowledges the dangers involved in investing in small mining companies. **"It's not the kind of thing I would suggest for widows and orphans,"** he said.

And, he added, he isn't in a rush to cash in on his gold investments. "If I am right about the big picture.

## Gold Bull Kaplan Eyes First Fund for Outside Investors

### Electrum Managers Looks to Raise \$500 Million After Metal's Fall

By [JULIET CHUNG](#) and [ROB BARRY](#)

Updated May 21, 2014 7:33 p.m. ET



Thomas Kaplan in 2010. He sees gold's swoon as a buying opportunity. *Michael Rubenstein for the Wall Street Journal*

**One of the biggest believers in gold is prospecting for outside investors after seeing the value of his personal holdings cut sharply in the metal's steep fall.**

New York investor Thomas Kaplan is looking to raise \$500 million for a private-equity-style fund to make more bets on gold and other precious metals, say people familiar with the matter and a marketing document that The Wall Street Journal viewed.

The fund would mark Mr. Kaplan's first launched with money from outside his family, though his firm, the Electrum Group, has a few large outside investors.

**The fundraising comes after Mr. Kaplan's personal all-in wager on gold took a big dent.** He told the Journal in 2010 that the metal was "the only asset I have confidence in" ahead of what he predicted would be global economic instability.

Mr. Kaplan has said he is a long-term investor in gold and other precious metals. Most of his metals-related gains and losses are on paper.

Via two of his biggest gold investments, [NovaGold Resources Inc. NG -1.85%](#) and [Gabriel Resources Ltd. GBU.T +1.12%](#), Mr. Kaplan held about \$1.8 billion in gold-related assets at

the end of 2010. **Gold settled at an all-time high of \$1,888.70 in nominal terms in 2011**, and prices have since fallen more than 30% since then in New York trading. Many of Mr. Kaplan's holdings are in junior mining companies, so-called because they often **have yet to begin digging**. They tend to move with the price of gold, but more drastically, making them a way to amplify bets on the metal.



While the fall in the gold price has been steep, valuations in the junior-mining sector have largely collapsed, with many struggling to raise financing from investors and bankers. While gold fell 28% in 2013, its first annual decline in 13 years, shares in NovaGold and Gabriel, which had started to slide earlier, fell 40% and 67%, respectively.

**Since the end of 2010, Mr. Kaplan's NovaGold holdings declined in value by more than \$900 million**, according to a review of securities filings. His paper profits since he first invested in 2009 approach \$300 million, the review shows.

Over the same period, the value of his holdings in Gabriel, which owns Europe's biggest undeveloped gold deposit—in Romania, which has been waiting for government approval for years—has fallen more than \$400 million. Electrum is roughly flat on Gabriel overall.

Results on his other wagers have been mixed and include profitable investments in several private companies, like Sunshine Silver Mines Corp., the marketing document shows.

**Mr. Kaplan views his paper losses as irrelevant given his long-term horizon and argues he has capitalized in the past on periods of industry distress, said people close to him.**

Indeed, the 51-year-old sees the rout in the metals and mining sector as having presented **the best buying opportunity he has seen, the people said.**

The roughly \$1 billion Electrum, named after a rare but naturally occurring alloy of silver and gold, is scouting for metal-related assets to buy on the cheap, the people said.

Mr. Kaplan has drawn significant backers. Around the end of 2012, before gold began its plunge, sovereign-wealth funds Mubadala Development Co., which the Abu Dhabi government owns, and the Kuwait Investment Authority, plus Hong Kong-based investment firm Jynwel Capital Ltd., bought a total of 20% in Electrum, the people close to Mr. Kaplan said. "We are bullish on the value of gold and gold-related assets in the long term," said Jynwel Chief Executive Jho Low in a statement.

Other than these three, Electrum invests the money of Mr. Kaplan and his family.

Investing in metals and mining is often volatile.

Entrepreneurial investors like Mr. Kaplan can generate "spectacular wins and spectacular losses because they are calculated risk takers," said Joe Foster, a portfolio manager at Van Eck International Investors Gold Fund who remains bullish on gold.

The Oxford-educated Mr. Kaplan—who favors three-piece suits, collects antique planes and heads the board of the 92nd Street Y, a popular cultural organization in New York—was born in New York City and grew up in Pompano Beach, Fla.

He made most of his fortune in his early deals, through firms that explored for silver and natural gas. His Leor Exploration & Production LLC sold its assets, including natural-gas wells in Texas, for about \$2.6 billion in 2007.

The Leor deal also is connected to a spate of personal turmoil that embroiled Mr. Kaplan in recent years. In 2012, Leor's former chief executive, Guma Aguiar, disappeared off the coast of Florida. Mr. Aguiar is still missing, said a lawyer who is handling his affairs.

Mr. Aguiar also was Mr. Kaplan's nephew and the two men had squared off against each other in litigation tied to the Leor sale, which in turn sparked other suits. They were largely consolidated into one federal suit, which was settled last year, according to lawyers involved in the case. Terms of the settlement weren't disclosed.

**Write to** Juliet Chung at [juliet.chung@wsj.com](mailto:juliet.chung@wsj.com) and Rob Barry at [rob.barry@wsj.com](mailto:rob.barry@wsj.com)

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## Meet gold's evangelist

Thomas Kaplan doing everything he can to get his hands on the stuff

*Below:*



businessweek.com

With gold a fashionable hedge against turbulent times, Thomas Kaplan is doing everything he can to get his hands on the actual stuff.

By Jason Kelly

**Bloomberg  
Businessweek®**

**updated 8/29/2010**

"I'm not a goldbug, but there are times when I feel like an evangelist for it," says Thomas Kaplan, an Oxford-educated historian and chairman of Manhattan-based Tigris Financial

Group. "To my amazement, it's a hard sell. **The conventional wisdom is that gold is for primitives. That derision shows me that contrary to the notion we're in a bubble, we haven't yet begun the real bull market.**"

The 47-year-old New York-born billionaire is a bundle of eccentricities, from his unplaceable but alien accent to his three-piece suits and his decidedly un-Wall Street way of talking ("as the thesis is confirmed, well-founded conviction gives way to the calm of metaphysical certitude"). Sitting in a windowless conference room decorated with lavish photographs of panthers, jaguars, and tigers—preserving big-cat habitats is his other major passion—he explains his training as an investor. "I'm much more qualitative than quantitative in my approach," Kaplan says. "It would have been an alien concept for me to think about an MBA."

His conviction about gold puts him in the company of such celebrated figures as George Soros and John Paulson, both of whom have been betting heavily on the yellow metal (and have invested alongside Kaplan in Vancouver-based mining company NovaGold Resources (NG)). At the moment, the wager looks inspired: The price of gold has risen for nine straight years, hitting an all-time high of \$1,256.30 an ounce on June 21. While the price has fallen about 2 percent since then, Kaplan says the big rally is still to come. It's not riots in the streets he envisions, but a more fundamental case of demand outstripping supply as gold becomes a currency in its own right.

Variations on this view have become so popular in recent years that gold has gone from being an obsession of conspiracy theorists and kooks to a fully respectable investment idea that gets promoted at PTA meetings. Kaplan is not content to merely run with this crowd. To maximize his returns, he has engaged in the much trickier task of digging fresh gold out of the ground. But mining is a double risk—there's the cost, hassle, and uncertainty of extraction, and then there's the volatility of the market. The financial risks of mining show up in their stocks, especially compared with gold prices. While gold rose 13 percent this year, the Bloomberg World Mining Index dropped 9.7 percent. And gold is no more of a certainty than anything else. Before its recent ascent, it was stuck in a bear market for two decades. What if the threat of hyperinflation never materializes? **A mere uptick in confidence about global growth could put gold right back in the doldrums.**

Kaplan doesn't see that happening, and that's why he has fallen in love with the leafy green hills of Transylvania in central Romania. He owns an 18 percent stake in a Canadian company called Gabriel Resources that is attempting to reopen what is widely believed to be Europe's largest gold deposit, an estimated 10 million ounces, worth more than \$12 billion at today's price, as well as 47.7 million ounces of silver. There's one problem: Some residents of the economically ravaged area, where unemployment is 80 percent, are fiercely contesting the project on environmental grounds.

Despite the opposition, the potential windfall has attracted investors, including Paulson, of whom Kaplan is an unabashed admirer. "If he sticks to his conviction on gold, he may yet become the richest man in America," Kaplan says, "and I'd love to see it happen." Kaplan would do well, too, though he brings his own particular dilemma—striking a balance between an urge to expand his mining empire and what he insists is an even greater desire to save the planet from environmental harm.

In 1988, Kaplan was completing his dissertation at Oxford—on the Malayan counterinsurgency and the way commodities influence strategic planning—and earning extra money analyzing Israeli companies listed on U.S. stock exchanges. The work involved traveling to Israel, and while there Kaplan connected with two people who would shape the rest of his life. First was Daphne Recanati, who had attended the same boarding school Kaplan had and was then just beginning her compulsory military service. She would eventually become his wife, mother of his three children—and his "reality check" for new investment ideas. "Her instincts are pretty much perfect," he says.

Through Recanati's mother, Kaplan was introduced to Avi Tiomkin, a well-known Israeli investor with whom he established a close bond. "There was immediate chemistry," says Tiomkin, now 62. "His views, his conviction were impressive." Kaplan sealed his standing with his mentor by predicting the invasion of Kuwait by Saddam Hussein several years before it happened, contradicting widely held wisdom that one Arab country would never attack another. "It was against all forecasts," Tiomkin remembers. "It was a huge surprise." Kaplan commuted between Oxford and Tel Aviv until Recanati was accepted to New York University in 1991, and they moved back to the U.S. Tiomkin hired him as a junior partner, a position he held until 1993, when Tiomkin decided to focus on his Israeli investments and

Kaplan left to execute his own big ideas, including major bets on silver, natural gas, and, eventually, gold.

He and Tiomkin kept in close touch. "We could've not seen each other for a few months and then continued the conversation where we left off," says Tiomkin. Like Kaplan, Tiomkin eschews his office most of the time, preferring to work from home or elsewhere. "It's in our genes, it's how we were born. It keeps us away from being too much under the influence of conventional wisdom." The two men have reunited and are now avoiding the same office. After working for various hedge funds including Caxton Associates, Tiomkin joined Tigris in 2008 as chief macro strategist, the same year he wrote an article for *Forbes* predicting the "demise of the euro."

Kaplan credits Marc Faber, the notoriously bearish Hong Kong-based publisher of the *Gloom, Boom & Doom Report*, with inspiring his move into natural resources investing in 1993. Faber has long argued that precious metals represent vital protection against the monetary foolishness of central governments. That year marked Kaplan's first defining deal, the launching of Apex Silver Mines to dig for silver in San Cristóbal, Bolivia. Among the early backers of Apex was Soros Fund Management.

With Apex, Kaplan pursued a strategy he is now trying to replicate in Romania: relocating villagers and buildings in the path of his mining plans to a new town nearby. Apex spent \$12 million to move about 200 people as well as a cemetery and a colonial church, which was completely restored and rebuilt "brick by brick," Kaplan says. "San Cristóbal was transformed, and we established a foundation to create new, sustainable enterprises. To be from the new San Cristóbal became a badge of prosperity." Kaplan served as chief executive officer of Denver-based Apex and later its chairman. He resigned in 2004, and the company went bankrupt four years later, reemerging from bankruptcy protection in 2009.

Although he's fixated on gold these days, Kaplan hasn't abandoned silver. Through Silver Opportunity Partners, an affiliate of Kaplan's Electrum exploration group of companies, he bought key assets of Sterling Mining Co.—which include the Sunshine Mine, nestled in the heart of the "Silver Valley" of Idaho—out of bankruptcy earlier this year. Well known in mining circles, Kaplan and his team worked hard to keep a low profile leading up to the

bankruptcy auction so as not to tip their hand and drive up the bidding. The Sunshine transition team was headed by Mark Wallace, president of Tigris.

Sunshine is among the most notorious mines in the world. First discovered in 1884, Sunshine produced an estimated 360 million ounces of silver. It closed in 2001, then reopened in 2007 before going broke less than a year later. Its checkered history includes a 1972 fire that killed 91 miners, one of the worst disasters of its kind in the U.S. A 12-foot-tall, painted-steel sculpture of a silver miner with a rock drill stands along I-90 between Kellogg and Wallace, Idaho, in memorial to the dead workers.

Now, Silver Opportunity is studying the economic and environmental issues surrounding restarting the mine. Wallace says the deal was a case study for Kaplan's investment approach. "It was no doubt a complicated and risky transaction," Wallace says. "Through our expertise, we were able to minimize the risk involved, resolve litigation, and reunite the patchwork and fractured ownership interests that inhibited the mine and limited its value over the last decade."

While Wallace sorts out the Sunshine mess, Kaplan pursues other interests: In 2006 he created a nonprofit called Panthera to focus on saving big cats. Among its projects is a collaboration with the Wildlife Conservation Society to boost the tiger population in certain countries, including India, Myanmar, and China, by 50 percent over the next decade. After a long and involved courtship, he persuaded Alan Rabinowitz, a zoologist with a specialty in big cats, to become president of Panthera. When he was first approached by Kaplan, Rabinowitz, who had spent his career at WCS, was close to retirement and was torn about taking a new job. Kaplan kept the position open for a full year while Rabinowitz debated whether to accept it. On Apr. 1, 2008, he and five other WCS employees joined Panthera, with ambitious goals. "We have realized that you have to fight for them as a species everywhere they exist on earth," Rabinowitz, now 56, says. To that end, Panthera is negotiating with governments across the globe to create "genetic corridors" so cats can move freely without being constrained by man-made borders. Kaplan and Rabinowitz have developed a deep friendship; they are "BB" and "LB" to each other; Rabinowitz is the big brother, Kaplan the little brother.

1.

When I met Alan, I realized he'd been doing what I'd wanted to do with my own life," says Kaplan. "Nonetheless, I'd always harbored this dream that I'd be able to return to my true love."

Kaplan acknowledges the paradox of promoting conservation while investing in an industry long associated with extreme environmental degradation, but he says any conflict between the two is easy for him to resolve. "If I'm given a choice between conservation and business, conservation wins, always," he says. "I've conserved a great multiple more than I've disturbed." His geologists apply what he calls the Tom Rule to their decisions about what land to acquire for mining. "If it looks like we shouldn't build a mine here, either take it and I'll hold the land to stop others from building on it, or skip it," he says. "I tell them: 'Use your common and aesthetic sense.' It sounds crazy to refer to aesthetics, but ultimately the morality of the endeavor should win out."

This was on his mind when he arrived in Transylvania in 2009 to get a gut check on Rosia Montana. He had alerted no one there about his visit, flying into the tiny Romanian city of Saibu with several colleagues from Tigris' London office and enduring a three-hour drive through the mountains. They explored the back roads around the mine, witnessing a degree of ecological damage that left Kaplan to theorize that the pollution dated to the time when the Roman Emperor Trajan conquered the region, marking the beginning of Rosia Montana's mining heritage.

Community and environmental activists have been fighting Gabriel Resources' plans for a decade, arguing that the use of cyanide in the mine threatens nearby villages and that a spill could contaminate the countryside extending into neighboring Hungary, where officials have joined the opposition. Kaplan counters that the area already has been devastated by centuries of mining—"the river literally runs red from sulfides" and that digging the mine would in fact help the county of Alba by repairing some of the damage of past mining projects.

Leading the resistance to the mine is a nongovernmental organization called Alburnus Maior, which was started in 2000 and is based at Rosia Montana. The group contends that Gabriel's plans will destroy historical sites and force resettlement of 740 farms and 140

apartments. The group also says that 40 Romanian NGOs and institutions support its "Save Rosia Montana" campaign, which proposes to boost the local economy through tourism, agribusiness, and small industries, including crafts. "We will continue to use all legal means at our disposal to stop this proposal from ever being realized," Alburnus Maior's Stephanie Roth said in an e-mail. Roth, a former environmental journalist, was instrumental in persuading the European Parliament to publicly oppose the mine. She said the fact that some residents will ultimately refuse to sell their properties to Gabriel means the mine won't ever get under way because the company needs all of the land to secure a construction permit. "I don't think that Gabriel's project will ever go ahead, and in contrast to Gabriel, the locals have all the time in the world," Roth said.

Rozalia Drumus, a 79-year-old retired schoolteacher, lives in Rosia Montana with her unemployed daughter and subsists on a 1,159 lei (\$337) monthly pension. She has planted a sign on her gate: This property is NOT for sale. "We had a small happy village, but people's greed for money was too much," she says. "Gold is a bastard."

Kaplan ardently defends Gabriel's efforts, arguing that mining is the best way to help the economy of Romania. "Those who say a scarred landscape should be preserved at the expense of a truly exciting economic future for a poor community are being unjust," he says. "This is telling the local people to bootstrap their way to progress when they don't have the means to procure boots."

In June, Romania's environment minister said the government probably will resume a review of the project, which likely means months more of public debate. Even if Romanian government approval is obtained, it will take at least a year before gold can be pulled out of the ground. Meanwhile, as gold prices swing wildly and talk of a double-dip recession ripples across the markets, Kaplan retains his karmic calm. "People view gold as emotional, but when they demythologize it, when they look at it for what it is and the opportunity it represents, they're going to say, 'We really should own some of that.' The question will then change to 'Where do we get the gold?'"

*With Irina Savu in Bucharest*

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# Kaplan's Electrum buys C\$149 million worth of NovaGold

*Exercising cheap warrants, Billionaire Thomas Kaplan, bolsters NovaGold's treasury, and underlines a savvy investment made in 2009 during the height of the Great Recession.*

## RELATED STORIES

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Author: Kip Keen  
Posted: Thursday , 03 Jan 2013

SEATTLE, WA (MINEWEB) -

It's the exercise price that catches the eye.

A company owned by billionaire Thomas Kaplan - Electrum Strategic Holdings - exercised warrants to buy [NovaGold Resources](#) shares that, despite having been brutally hammered over the past two years (after an equally impressive runup), are still very nicely in the money.

Kaplan's Electrum has paid about C\$46 million for C\$149 million worth of NovaGold shares, the 50-percent owner of the massive Donlin gold project in Alaska.

**The share-purchase warrants stem from a well-timed private placement by Electrum in January 2009 when it snapped up a sizeable chunk of NovaGold shares.**

Electrum did the financing near NovaGold's shareprice nadir at the height of the 2008-2009 financial crisis, **spending \$75 million to buy 57.7 million units at \$1.30 a unit, which comprised a NovaGold share and a share-purchase warrant exercisable at \$1.50 (amended to C\$1.479, and now including a one sixth share purchase warrant of NovaCopper, a NovaGold spin-out.)**

In the two years since then, NovaGold's shareprice has zipped up to about C\$16 in late 2010 and then back down again to under C\$5 (trading around C\$4.75 at the time of writing), reflecting as much as anything else the broader selloff in juniors over the past couple years.

Other noted gold buyers - George Soros and John Paulson - followed Kaplan into NovaGold, albeit at higher and now less attractive looking prices.

While Soros and Paulson remain bullish on gold (see article by *Mineweb's* Dorothy Kosich [here](#)), Soros' patience for NovaGold appears to have waned. He reportedly sold much of his NovaGold shares. Paulson, however, appears willing to tough out NovaGold's lacklustre share performance in the past couple years in the hopes of better days ahead.

He has held on to about 36 million or so NovaGold shares (according to Paulson & Co.'s latest quarterly filing with the SEC dated Septmeber 30, 2012).

**Yet, despite NovaGold's shareprice in the past three years - an inverted parabola - Kaplan is still comfortably in the black on his investment.**

With the new shares, Electrum's stake in NovaGold grows considerably to about 27 percent or 85 million shares issued and outstanding, suggesting a total value of around C\$400 million for which Electrum paid about \$121 million.

Of course, given that the warrants, set to expire in late January, were so in the money, Electrum's exercise was a no-brainer. Thus in exercising them little can be read into Kaplan's plans for the NovaGold shareholding - one of many that he and his companies have made in juniors - or his commitment to gold more broadly. He has, however, espoused faith and patience for gold, according to media reports.

"If I am right about the big picture, I will be rewarded for my patience," he was quoted as saying in a 2010 article by *The Wall Street Journal*. He was of course referring to price of gold which he has contended would (and did) continue to rise.

"You've got a perfect storm with no apparent solution," he told the *WSJ*, pointing to the declining mine supply of gold and financial wherewithal of Western governments. "If the world does well, gold will be fine. If the world doesn't do well, gold will also do fine ... but a lot of other things could collapse."

## Then and now: NovaGold's Donlin Creek project 2009 vs. 2011

*There is higher cost but also tantalizing dollar making power in a new NovaGold feasibility study of its Donlin Creek gold project in Alaska.*

Posted: Tuesday , 06 Dec 2011

HALIFAX, NS -

It was just over two and a half years ago that NovaGold and equal partner Barrick Gold put out a feasibility study on the massive Donlin Creek gold project in Alaska. Now the two have done it again, updating economics and making more than a few minor tweaks, as our table comparing the broad strokes of the 2009 and 2011 feasibility studies shows.

Donlin Creek Feasibility Studies	2009	2011
Capital Cost	\$4.5B	\$6.7B
Cash costs/oz gold	\$400	\$585
Minelife	21	27
Gold recovered	26.2M oz	30.4M oz
Recovery	89.5%	89.9%
Strip ratio	5.69:1	5.5:1
LOM gold production/year	1.25M oz	1.1M oz
Ore Milled	384Mt	505Mt
Grade milled g/t/ Au	2.37	2.1
Power	Diesel/wind	Natural gas
After tax NPV @ 5% + \$1,000 Au/oz	\$2.3B	-\$1.3B
After tax NPV @ 5% + \$1,200 Au/oz	n/a	\$547M
After tax NPV @ 5% + \$1,700 Au/oz	n/a	\$4.6B

For one, NovaGold now proposes to pipe natural gas instead of primarily relying on diesel with some supplementary wind power. Also evident is a substantial boost in minelife, throughput and life of mine gold production. NovaGold says it would recover a mind-boggling 30 million ounces gold instead of the 26 million ounces it last estimated. Meantime, minelife would go up to 27 years instead of 21 years and with it tonnage: 505 million tonnes rather than 384 million tonnes over the life of mine.

Not surprisingly gold grade dropped from 2.37 g/t Au to 2.1 g/t Au. That follows a similar trend at other gold projects where lower grades are brought in as they begin to look better as the price of gold climbs.

Though gold prices may have skyrocketed over the past few years, so too have costs of many other commodities and human resources - things that are needed to build a mine. Donlin has not escaped this other trend in terms of escalating capital costs that ever dog mega-projects. Capital costs jumped \$2.2 billion to \$6.7 billion. Projected cash costs per ounce gold followed climbing to \$585 per ounce gold from \$400 per ounce gold, life of mine.

Notably, the economics have changed considerably along with greater capital intensity and higher gold prices. And, in that sense it appears there are two schools of thought on Donlin's potential to make money. The *Financial Times* took the angle that NovaGold and Barrick would need gold prices to sit at "very strong levels for years to come" if they wanted to build Donlin. The newspaper homed in on Donlin's \$547 million net present value (NPV) at \$1,200-gold, after tax and discounted at five percent, using the adjective "just" to describe it. It quoted Charles Oliver, a Sprott Asset Management portfolio manager, as saying: "'It's an awfully small NPV for that kind of money [at US\$1,200 gold]."

But NovaGold takes another view of Donlin's money-making assets. Thomas Kaplan, who was recently brought on board as NovaGold's Chairman, noted in a prepared statement Donlin has "exceptional leverage to the price of gold." To bolster that position NovaGold highlights what amounts to an over eight-fold multiplication of NPV to \$4.6 billion at \$1,700 gold. That is the song of catapulting yields only mega-projects can sing - when the price is right.

Topics: [MINING](#), [METALS](#), [MINING AND METALS](#), [INVESTMENT](#), [MINING INVESTMENT](#), [NOVAGOLD](#), [GOLD](#), [FEASIBILITY STUDY](#), [DONLIN CREEK](#), [ALASKA](#), [EXPLORATION](#)

**Thomas S. Kaplan** is an [American entrepreneur](#), [natural resources](#) investor, [philanthropist](#) and art collector. He is the Chairman and Chief Investment Officer of The Electrum Group LLC, a New York City-based investment, advisory and asset management firm with a principal focus on the natural resources sector.

## Early life and education

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Born in [New York City](#), Kaplan was raised in [Florida](#). In his youth, he developed a passion for [wildlife conservation](#) (which he later revisited as the founder of the felid conservation group [Panthera](#)), but found himself adept in the study of history. He studied history at [Oxford University](#) and earned Bachelor's, Master's and Doctoral degrees in the subject.<sup>[3][4]</sup> He wrote his doctoral dissertation on the Malayan counterinsurgency and the manner in which commodities influence strategic planning.<sup>[5]</sup> While earning his Phd, Kaplan worked as an analyst covering Israeli companies that were publicly traded in the U.S.<sup>[5]</sup> On a business trip, he met his future wife, Dafna Recanati (the daughter of Israeli investor [Leon Recanati](#)), who had attended the same boarding school as Kaplan.<sup>[5]</sup> Dafna's mother, artist Mira Recanati, introduced him to Israeli investor Avi Tiomkin, who hired him as a junior partner in 1991. Kaplan had impressed Tiomkin by correctly predicting [Saddam Hussein's 1990 invasion of Kuwait](#) several years before it transpired.<sup>[5]</sup> When Tiomkin decided to concentrate his investments solely in Israel in 1993, Kaplan moved on to execute his own entrepreneurial ventures.<sup>[5]</sup>

## Career

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Inspired by [Marc Faber](#), who held that precious metals were insurance against the "monetary foolishness" of central governments, Kaplan focused on natural resources investing.<sup>[6]</sup> In 1993, he founded [Apex Silver Mines](#) to capitalize on the improving supply/demand fundamentals of metals.<sup>[6]</sup> While he was Chief Executive Officer and Chairman of Apex, Kaplan's team discovered and financed the San Cristobal deposit in Bolivia, now one of the largest producers of silver and zinc in the world.<sup>[7][8]</sup> Kaplan retired from Apex Silver at the end of 2004 to focus on his new exploration projects.<sup>[9]</sup>

In 2003, a company related to Kaplan became the largest investor in African Platinum Plc (then known as Southern African Resources Plc), enabling it to explore and develop one of the largest platinum group metals projects in South Africa. In 2007, Kaplan sold his position in African Platinum as part of a transaction in which the company was acquired by Impala Platinum Limited, at a valuation of \$580 million.<sup>[10]</sup>

Also in 2003, Kaplan co-founded Leor Exploration & Production LLC, which became the fastest-growing privately held [hydrocarbon exploration](#) and production company in the United States. In 2007, Leor's [natural gas](#) assets were sold to [EnCana Oil & Gas \(USA\) Inc.](#) for \$2.55 billion.<sup>[11]</sup>

Kaplan first began investing heavily in gold in 2000. Since the sales of African Platinum and Leor in 2007, Kaplan focused on the Electrum Group. Its exploration arm, Electrum Ltd., which he co-founded with Dr. Larry Buchanan, owns a diversified international portfolio of gold exploration assets. Its other entities hold significant interests in several publicly traded companies, including NovaGold Resources Inc.<sup>[12]</sup> and Gabriel Resources Ltd.,<sup>[13]</sup> two companies that own several of the largest proven gold resources in the world.<sup>[14]</sup>

His view on gold has not changed.<sup>[15]</sup> On February 25, 2009, he commented in [Marc Faber's Gloom, Boom & Doom Report](#): "Some will say that \$800 gold seems expensive. I would suggest the contrary: that a few years from now, sub-\$1000 gold will feel like a true gift... The forced liquidation of leveraged positions of all kinds in late 2008 and early 2009 has presented an extraordinary opportunity to build long gold positions at low prices... [I]t should not be a surprise to see gold set new highs against all currencies, including a strong dollar, and an acceleration of the most enduring bull market in the world."<sup>[16]</sup>

In a January 2011 op-ed in the [Financial Times](#)' Market Insights column, Kaplan discussed the Prudent Man construct as a tool to evaluate the benefits and risks of investing in gold. In that piece, he explained that a variety of factors – including the supply of and demand for gold, the devastation of financial industry and government balance sheets and the fact that gold is not tied to another person's ability to pay – are causing asset managers and general banks to begin readmitting "gold back into the select group of prudent asset classes." According to Kaplan, these developments suggest "interesting times ahead" for those who own the precious metal. Therefore, "the Prudent Man rule may well be golden indeed."<sup>[17]</sup>

As a leading investor in gold, Kaplan is credited with correctly predicting that gold prices would increase. His investment strategy and commitment to gold led [Bloomberg Businessweek](#) to refer to him as "Gold's Evangelist."<sup>[18]</sup> In a May 2010 profile piece in the [Wall Street Journal](#), Kaplan said, "I've reached a point where I feel the only asset I have confidence in is gold," adding, "You've got a perfect storm with no apparent solution. If the world does well, gold will be fine. If the world doesn't do well, gold will also do fine ... but a lot of other things could collapse."<sup>[18]</sup>

Kaplan's robust presence in the gold market was recognized in a December 2010 [Wall Street Journal](#) article, which described Kaplan along with other investors including John Paulson, David Einhorn and John Burbank. The article stated that Kaplan is "making a bigger wager on gold than almost any investor," noting that he believes junior miners provide the "greatest leverage to a bull market" and that the world is "entering an era defined by the scarcity value of great precious-metals assets."<sup>[19]</sup>

# Philanthropy

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Kaplan and his family support a number of philanthropic and conservation causes in the United States and the developing world. Kaplan serves as the Executive Chairman of Panthera Corporation, a charity which he and his wife co-founded in 2006. Panthera is devoted to preserving the big cats and their ecosystems around the globe and has been recognized as a leading force in felid conservation.<sup>[20][21]</sup> Among its many endeavors, Panthera created and maintains the largest protected jaguar corridor in the Americas.<sup>[22][23]</sup> In particular, the work of Panthera's CEO, Dr. Alan Rabinowitz, and Kaplan to balance the preservation of the jaguar corridor in Brazil with sustainable ranching was the focus of a January 2011 profile by CBS's 60 Minutes.<sup>[24]</sup> In that piece, Kaplan outlined his thesis for utilizing sustainable ranching and community development to protect the apex predator and its environment: "There is no better way to stop poaching than to make the local community say: 'Hey, wait a minute, our children have medicine and education because of the jaguar.' When you show that, you have won their hearts and their minds. Then you have won the war."<sup>[25]</sup> For his work as an environmentalist, Kaplan was the recipient of the "Hero of the Year Award" by the IWFF in 2012.<sup>[26]</sup>

Further to their commitment to ensuring the long-term survival of the big cats, Kaplan and his wife Dafna helped establish a globally recognized felid conservation program at Oxford University in collaboration with Dr. David MacDonald. In 2009, the couple endowed the Recanati-Kaplan Center at Oxford University's Wildlife Conservation Research Unit, the WildCRU, and the university's Postgraduate Diploma in International Wildlife Conservation Practice, which offered young conservationists from developing countries access to training at Oxford. In November 2011, Oxford's WildCRU was awarded the Queen's Anniversary Prize for Higher Education in recognition of WildCRU's outstanding work in wildlife and environmental conservation.<sup>[27][4]</sup>

The Kaplans also founded the Orianne Society, a historic effort focused on the conservation of the eastern indigo snake and its habitat, the last remaining long-leaf pine forests of the Southeastern United States.<sup>[28]</sup> As part of this effort, the Kaplans created the Orianne Indigo Snake Preserve in Georgia through the purchase and donation of 2,500 acres of the snake's winter habitat. This parcel of land is valued at \$6 million.<sup>[4]</sup>

The Kaplans personally pay for 100 percent of the administrative costs of the Orianne Society and Panthera so that all donations go directly to the field to fund projects. Kaplan's goal, however, is "to make both of his charities sustainable beyond his own largesse." Regarding his wildlife conservation work with big cats and snakes, Kaplan said, "If you want psychic gratification, one of the greatest ways is to know that you've made a real contribution to saving a species from blinking out during your lifetime."<sup>[4]</sup>

Kaplan is also active in community philanthropy. After having served as its President from 2009-2012, he is the Chairman of the Board of Directors of the 92nd Street Y, a prominent Jewish community and cultural center in New York City. His wife and Robert Gilson conceived of the Recanati-Kaplan Program for Excellence in the Arts, which funds scholarships based on artistic merit for children and teens to study with the 92Y's renowned School of the Arts.<sup>[29]</sup>

In medicine, the Kaplans have funded the Lillian Jean Kaplan Renal Transplantation Center at the University of Miami as well as a variety of prizes and grants for medical science research.<sup>[30]</sup> In 2012, the Kaplans created the Daisy and Paul Soros/Recanati-Kaplan Family Assistant Professor in Preventive Cardiology, a position held by Dr. Bassem Masri.<sup>[31]</sup>

Kaplan donated \$4.8 million to the Eternal Jewish Family<sup>[32]</sup> and \$36 million to the Lillian Jean Kaplan Foundation, named after Kaplan's mother.<sup>[33]</sup>

He is a member of the International Council at Harvard University's Belfer Center for Science and International Affairs.<sup>[34]</sup>

## Distinctions<sup>[edit]</sup>

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In 2014 Kaplan was decorated as a member of the Order of the Légion d'Honneur of France. In presenting the decoration, the French Ambassador to the United States François Delattre said of Kaplan: "Through your multifaceted life and your support for an incredible array of causes, I believe you are the very definition of a game changer and Renaissance man - a young Renaissance man: as Chairman of the Y, as an environmentalist in Brazil, as an entrepreneur, a historian, a philanthropist, an art collector and a politically engaged individual."<sup>[35][36]</sup>

## Personal life<sup>[edit]</sup>

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He is married to Dafna Recanati Kaplan, daughter of Israeli artist Mira Recanati and businessman Leon Recanati. They have three children.<sup>[5][37]</sup> His nephew is businessman Guma Aguiar.<sup>[38][39]</sup>

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## External links [\[edit\]](#)

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- <http://www.panthera.org/>
- <http://www.projectorianne.org/>

# Trading And Investing Nova Copper And A Post Script On Precious Metals

Jan. 4, 2013 3:49 PM ET | [6 comments](#) | About: [NovaCopper \(NCQ\)](#), Includes: [AU](#), [GLD](#), [NEM](#), [NG](#)

**Disclosure:** I am long [ABX](#). I own shares in Nova Copper and Barrick Gold (**More...**)

Nova Copper ([NCQ](#)) is an amazing story that starts with two [incredibly rich properties](#), [Donlin Creek and the Ambler District west of Fairbanks, Alaska](#). There is a lengthy permitting process underway but the geological findings indicate that this penny stock will grow to a muscular mid cap and become a major world mining site. It offers lessons and opportunities for both trading and investing but first one must meet the cast of characters. **You can't understand Nova Copper without understanding Nova Gold ([NG](#)) an ailing mid-cap contrarian play, and you can't understand [Nova Gold](#) without knowing its fractious relationship with precious metals giant Barrick Gold Corp ([ABX](#)) that has been scaling back its exploration and slowing its development of nascent assets.** The edgy, relations of Nova Gold to Barrick involve the latter's acquisition of Premier Metals and its neighboring properties. Dr. Thomas Kaplan, CEO of the [Electrum Strategic Resources LLC](#) which owns 27% (51 million shares) of NCQ also is Chairman of the Board of Nova Gold on which sits Dr. Marc Faber. Lastly the attention and purchases of [Seth Klarman](#)

[of Baupost](#) and John Paulson of [Paulson and Company](#) who has about 30% of his \$13 billion portfolio into Spider Gold ETF ([GLD](#)) and another 8% into Anglogold Ashanti Ltd ([AU](#)). Nova Copper is a spin-off of Nova Gold , both of them favorites of Baupost. By the end of the 3rd quarter Klarman had upped his holding of NCQ to more than five million shares and 10.73% ownership. Paulson's holds 12.9% of the promising fledgling. As noted above, Electrum Strategic Resources with its many resource development affiliates, some in concert with [Newmont Mining\(NEM\)](#) is a major player. It takes a valuable asset to attract a brotherhood like this. This should be worth a 12-part TV series.

As was [reported in SA early in August](#), more than six years ago Barrick offered to buy Nova Gold outright. The latter's ownership didn't like the tender so Barrick bought small cap Pioneer Metals with adjoining property. This is how they play ball on the piers of Manhattan.

[Byron King has scrutinized Nova Copper's Donlin Creek and Ambler District samples](#) and is impressed, devoting several pages of sample analysis, maps and projections in a special report in spring 2012. NCQ projects to 1.5 million oz of gold/year for twenty-seven years at a cost of \$409/oz. The life of mine and low cost of NCQ compare very favorably to some of the best of the precious metal companies like Gold Corp ([GG](#)), Barrick, Kinross Gold Corp ([KGC](#)) and mid-cap AuRico Gold Inc ([AUQ](#)). Technical innovations are almost certain to extend the already extensive production curve as well as uncover additional ores. Nova Copper will produce gold, silver, very high purity copper, cobalt, lead and zinc.

NCQ began trading in late April 2012, just in time for the May plunge in precious metals echoed by the lows (for some companies, double bottom) of late July. Its range in just eight months began at \$4.67 hit \$1.65/share early in August and since then has been a markedly volatile micro-cap whose development phase is still a few years off. This reflects the exceptional richness of its properties and the interest this potential has drawn from major investors whose affiliations include industry majors like Barrick and Newmont. The EPA also can painfully protract the process when their care might be employed better at behemoth rare earth sites like [Baotou in China's province of Inner Mongolia](#).

The complexity and intensity of interest presents an occasion for both solid investing and periodic trading and profit-taking. For more than four months, Nova Copper has been seesawing between \$3 and \$1.75/share. It cratered after the election and has been near \$2/share since then. At some point the upper range will move out of penny stock neighborhood but because getting permits let alone development and production will take years the higher highs and lower lows will take a while to become a fact of its trading life. That gives us a **takeaway**:

If you do not own this prize yet, by all means establish a position when the share price is below \$2 (NCQ was at \$2.04 after hours on Thursday, January 3; on Friday the 4th it traded **between \$1.97 and 2.05**. Like many equities it has been jumpy on the 'fiscal cliff' the clichéd reporting on which mask basic differences about fiscal and socio-economic policies and the latest Fed minutes suggesting that its massive bond purchases and electronic printing may, repeat, *may* cease late in 2013. But as the world turns or *seethes* these days that's not a promise to bank. Still there's a lesson here.

When Nova Copper dips below \$1.90 (having watched it closely, it can be expected to touch \$1.80 or less a few more times before permanent ascension sets in), load up. If it suits your needs or taste, when it passes \$2.60 trim a bit and take some profit but by no means liquidate your position. Keep an eye on the charts for the onset of the higher lows and higher highs that will arrive at some point, depending on how severe a correction occurs when the nitty gritty of deficit reduction gets banged out. As spring approaches there is likely to be significant volatility so [my previous column's suggestion](#) about a 10% minimum cash position holds.

The Fed's latest guidance and the immediate drop in precious metal holdings merit an afterword on their role in portfolio allocation and mid to long term value. There were steep sell-offs on the announcement as futures contracts for gold, silver, platinum, palladium, copper and other commodities sagged on the strengthening dollar and ICE index. Is it a time to buy? Several experienced analysts, notably the venerable [Richard Russell have argued that given the economic fundamentals and fiscal policies of the major central banks, gold should be 33 - 50%](#) of a portfolio. Most people, I suggested and suggest cannot afford that weighting given that fundamentals and reason yield to sentiment and perhaps even

more, manipulation of markets. Silver is a perfect example of the conjoined effects of sentiment and manipulation. A metal with many and diverse uses, -- currency, jewelry, silverware, electronics, photovoltaic's and more should make for a rather steady, sober market. The opposite is true: silver's hyper-volatility relative to gold is well known. [Proponents of Elliott Wave theory have suggested that if silver breaks below \\$27.75/oz](#) it may [descend to \\$22](#) before resuming its strong bull run. The action January 3-4 gave credence to this analysis.

Given the power and variety of major macro-economic and political variables, it would be wise for those not in the '1%' neighborhood to keep exposure to precious metal miners and bullion in the 10-15% allocation range. The prices *should* go much higher for the metals. Informed, [experienced and successful](#) Jim [Sinclair has been calling for \\$3500 minimum for some time](#); many analysts have suggested gold at \$10,000/oz in part because such a re-valuation would [eliminate most of the national debt and restore major currencies to sanity](#). It makes sense but the policy goals of the inner ring of power long have planned a period of intense currency instability to prepare for [a global currency, "call it the Phoenix"](#) a prestigious and prescient journal wrote in January 1988. Despite the logic for a major increase in precious metal prices, given current shakiness, volatility and the long-term governing agenda, those who cannot hold out till a trend reversal might want to look for high days to reduce an allocation close to 10%. There will be ample occasion to add back and increase. Moreover, central banks are continuing to acquire large amounts of gold and it is plausible that whatever currency or currencies are left standing after this strange and terrible end of the floating fiat era will be backed by significant gold reserves. That should support higher gold and silver prices.

No matter how the macro climate develops in the near and mid-term take advantage of the volatility to build a healthy position in Nova Copper. It's a winner in its intrinsic qualities and because of the intense interest of major investors and producers.

For now, happy are they who [consulted Seeking Alpha](#) and [bought](#) into Turquoise Hill ([TRQ](#)) near its recent bottom at \$7.10.

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# Electrum Strategic Resources LLC

Electrum Strategic Resources LLC	
<b>Based in</b>	New York, Denver
<b>Active in</b>	Colombia, Romania, Alaska, British Columbia, Australia
<b>Targeted</b>	base metals, precious metals

**Electrum Strategic Resources LLC** and **Electrum Strategic Holdings LLC** are based in New York, and members of the privately-owned **Electrum Group of Companies** which, through **Electrum Ltd**, in 2009 purportedly had one of the largest and most diversified portfolios of precious metals' exploration projects in the world [Marketwire 2 February 2009].

As of 2010, the firm declared that this portfolio comprised "over 100 projects located in 16 countries in the Americas, Africa, Asia and Eastern Europe".

In April 2011, the Group somewhat modified this figure with a statement that it held "over 90 properties comprising over 1.8 million hectares in the Americas, Africa, Asia and Eastern Europe.

These included a "strategic" interest in Gabriel Resources, amounting to 61,420, 739 shares; and "a substantial interest" (51,916,412 shares) in NovaGold Resources Inc.(*see below*). It also had stakes in Sunshine Silver Mines Corporation (located in Idaho); as well as "significant silver properties in Central America"; and, through Electrum Strategic Acquisitions LLC, owned "a significant interest in Sunward Resources Ltd., a company focused on the exploration of gold/copper porphyry projects in Columbia" [Businesswire 15 April 2011].

**Electrum Strategic Holdings LLC** is also said to "own[s] a strategic stake in a portfolio of exploration and development properties in Eastern Europe"; while **Electrum USA Ltd.**, headquartered in Denver, Colorado, manages exploration and development activities for the **Electrum Group**.

Yet another Electrum "clone" – **Electrum Strategic Metals LLC** – has figured as the Group's named agent in at least two important mining acquisitions over the past two years. According to Bloomberg, it "operates as a subsidiary of Electrum Strategic Holdings, L.L.C."

Already we may harbour some suspicion that the Electrum Group of Companies is not as transparent as it should be. Bloomberg (as of 26 December 2010) records that "Electrum Strategic Holdings LLC [is] a

wholly owned subsidiary of GRAT Holdings LLC...located at 1370 Avenue of the Americas, 19th Floor, New York, NY 10019".

And, indeed, the two concerns are not only registered at the same address, but a Mr William Natboy is officially designated Chief Executive Officer of GRAT, as well as both Electrum Strategic Holdings and Electrum Strategic Metals LLC. . "GRAT" is an acronym for "grantor retained annuity trust" – a financial instrument, commonly used in the USA, "to make large financial gifts to family members without paying a U.S. gift tax" [wikipedia, accessed 26 December 2010]. It might seem surprising that Electrum would openly advertise its propensity to evade a form of taxation which ordinary citizens could find difficult to avoid.

However, there's little doubt who stands to benefit from the operations of GRAT in this instance: the man actually controlling Electrum Strategic Holdings and profiting from it, 48-year old Mr Thomas Kaplan.

*Just who is Thomas Kaplan?*

Born in the USA, but educated in Switzerland and Britain, as a student Kaplan started analysing Israeli hedge funds [Wall Street Journal 22 May 2010], before moving to New York to begin trading in earnest, and marrying a serving soldier in the Israeli Defence Forces [MoneyWeek 24 September 2010]. Later, Kaplan set up an investment vehicle called the **Tigris fund** which has \$2bn invested globally, according to the *The Wall Street Journal* [See also: Forbes Magazine, 21 April 2010].

The UK's *Daily Telegraph* in mid-2009 characterised Mr Kaplan in the interrogative: "Who could have predicted that a mild-mannered Oxford-educated historian, with a PhD in the politics of colonial Malaya, would make an absolute killing from mineral extraction, with assets valued at billions of dollars?"

The newspaper went on to mention Kaplan's Panthera Corp, which endeavours to save "big cats" from extinction: "Who then could have predicted that, while still in his mid-forties, the billionaire minerals magnate would channel his energies and business acumen into saving big cats from extinction?" [*Daily Telegraph* 11 August 2009].

James McKeigue, writing in December 2010 for *MoneyWeek*, also linked Mr Kaplan's twin passions together – while placing him alongside two fellow US hedge fund supremos, John Paulson of [Paulson & Co](#) and George Soros of [Soros Fund Management](#).

Dubbing Kaplan a "billionaire obsessed by gold and big cats", McKeigue pointed out that he set his cap at becoming the biggest shareholder in Canada's NovaGold Resources in early 2009 [*See below*]- a year before Soros and Paulson followed him down the same path [MoneyWeek 24 September 2010].

Kaplan has spent the past 18 years building up strategic stakes in gold mining outfits, though he has also recently invested in natural gas production. In 1993 – and backed by Soros – he made his "first defining deal" when launching Apex Silver Mines to dig for silver in Bolivia.

In 2008, Electrum Strategic Holdings LLC acquired around 20% ownership of Gabriel Resources Ltd, a Canadian company which had been forced to close its Rosia Montana gold project in Romania, following strong criticism by local, national and international environmentalists which led to the then-government withholding a permit to operate [*Financial Post* 22 May 2008].

Both Kaplan and [Paulson & Co](#) hold around 18% each of this still fiercely-criticised company, with the major US gold miner Newmont owning around 15% [MJ 26 February 2010].

Over the next two years Kaplan markedly strengthened his financial grip on a number of "early exploration" companies in which he already had a stake, apparently playing them as "long" bets, picking them up as the market price of gold began to rise.

On 2 January 2009, NovaGold announced a US\$60 million financing agreement with Electrum Strategic Resources, under which Electrum became the company largest shareholder at around 30% in the first instance, with an option to increase its holding to 46%. Novagold owns two major gold prospects in Alaska and British Columbia.

Three months on, and Electrum Strategic Resources acquired a further 8 million common shares of Moto Goldmines Limited, an Australia-based gold exploration and development company – thus increasing its stake to 14.19% [Datamonitor Financial Deals Tracker via COMTEX, 28 April 2009].

Just a few weeks later, in May 2009, Mantra Mining (which has various mining claims in Alaska) sold US\$5 million of shares and warrants to Electrum Strategic Metals LLC, bringing the holdings of Electrum and its "affiliates and joint actors" to more than 19.99% of the Toronto-listed company.

Early in 2010, Electrum did a similar deal (and for the same amount) with Tintina Gold – another outfit with precious metals claims in Alaska, and which was foreseen to eventually see Electrum's shareholding in Tintina rise to more than 44% .

At the end of 2010, in a much larger transaction, Electrum (with **Tocqueville Asset Management** playing a minor role) agreed to pay a combined maximum of US \$51.3 million to Sunward Resources, in order to advance that company's 100%-owned Titiribi gold and copper porphyry project in Antioquia, Colombia. [Canada NewsWire Group 15 December 2010; see also PDAC supplement in MJ 3-5 March 2013]. Importantly, Sunward announced that the deal would "facilitate closing of Company's earlier-announced acquisition of La Muriel Mining Corporation ("Murindo Project"), and allow the Company to pursue acquisition of additional highly prospective projects."

The Murindo project has already attracted a great deal of opposition from inside Colombia, notably from local residents. According to an announcement by Sunward on November 19 2010, the La Muriel mining corporation and Rio Tinto agreed to withdraw from their previous agreement and replace it with a revised one.

Under this, La Muriel had sixty days in which to exercise an option to acquire a 70% interest in Murindo, possibly increasing to 80% or 100% if the huge UK mining company were ready and willing to pay up. No further move in this direction appears to have taken place.

In March 2012, Electrum said it would raise US\$49 million to enlarge its stake in NovaGold to 27.55%, thus strengthening its position as the mining company's biggest single shareholder [MJ 23 March 2012].

And at the end of that year, NovaGold received proceeds of CDN\$46.4 million when it exercised warrants held by Electrum, raising the holdings in the gold company by Electrum and its affiliate, **GRAT Holdings LLC**, to 27.2% of NovaGold's issued and outstanding shares.

**End**