

**THE WALL STREET JOURNAL.**

WSJ.com

June 21, 2013, 12:42 PM ET

# Small Barrick Shareholder Urges Company to Break Itself Up



Reuters

The Pascua-Lama project straddling the Chile-Argentina border.

*By Alistair MacDonald*

Barrick Gold Corp. says it's addressing its recent woes—which include steep cost overruns on some projects and share-price under-performance. But one small activist investor says it isn't moving fast enough and is calling on the world's largest gold miner to break itself up.

Indianapolis-based Two Fish Management LLC is no [Carl Icahn](#), but the fund's move may add unwelcome noise for Barrick as the price of gold continues to swoon and some of the miner's biggest projects get bogged down in cost overruns and [heat from local authorities](#).

Two Fish, which has around \$125 million under management, says it has sent a letter to Barrick Chief Executive Jamie Sokalsky demanding the company be split into three regional units. It argues that Barrick's operations in different parts of the world face different political environments and have varying reserve profiles, costs and prospects.

"There is no proven operational or financial synergies to owning multiple gold mines across multiple constituents," Mike Morris, a fund manager at Two Fish, told Canada Real Time.

A Barrick spokesman acknowledged receipt of the letter but declined to comment on the proposals.

Two Fish proposes that three units—comprising Barrick’s operations in North America, South America and Australia Pacific—be spun off separately and their shares distributed to current Barrick investors.

“Our overriding objective is to translate the company’s strengths into higher shareholder returns and we’ll always consider opportunities to advance that objective,” Mr. Morris said.

Mr. Sokalsky has promised to focus more on shareholder returns and has said the company is looking at selling assets, putting on the block its stake in African Barrick Gold PLC, its energy division and a nickel joint venture, and saying other mines could be sold.

Two Fish has only a small interest in Barrick shares and this comes mainly through call options, or derivatives which would convert into around 40,000 shares if the price climbs past a particular level. The company has about 1 billion shares outstanding.

The fund’s name comes from the biblical tale of Jesus feeding the multitudes with two fish and five loaves of bread, but so far Two Fish has failed to get any bites from other Barrick investors. Other activist shareholders contacted by Canada Real Time said now is not be the time to being going after Barrick, given uncertainty on the gold price and other factors.

In a recent research note [Deutsche Bank](#) said it too expects calls for the break-up of large North American gold miners, such as Barrick, after their stocks have underperformed the price of gold for years.

“We see 2013 as an inflection point” for these firms, it said.

Copyright 2013 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)