

INTERVIEW

ROMAN FRIEDRICH & CO.



Roman Friedrich
Principal
ROMAN FRIEDRICH
AND COMPANY

ROMAN FRIEDRICH III

THE POETRY OF A GOOD MOVE

Interview by Ron Hall

Portrait Photography by Tom Burley

Roman Friedrich III is the founder of a company that provides financial advice to corporations on mergers and acquisitions and on the raising of equity capital and project finance. Established in 1997 in New York, Roman Friedrich & Company, relocated to Vancouver British Columbia in 2001. Some said he couldn't have picked a worse time: depressed metal prices, mines closing, and a cutback in mineral exploration spending. In fact, it has turned out to be just the opposite.

Choosing Vancouver was easy, he just asked his wife.

"There are no mining companies left in New York and my wife was very supportive of going to where the action was. She asked me if I had to move to where my clients were, where would we go? When I told her the choices were Toronto, Vancouver, or Denver. She said I don't like the weather in Toronto, Denver has no culture - so lets go to Vancouver".

Mr. Friedrich had already made the move to start his own business after a 20 year career in the investment and commercial banking business with major firms both in Canada and the USA. Eventually growing weary of the big business sector, he decided to branch out on his own. When he started his career though, banking wasn't his first choice.

"When I graduated I was an English major and at the time I was going to be a poet! My parents said maybe you should think about some other things before making that decision. They introduced me to a local banker who was the president of a one-branch bank. He persuaded me to go to New York and talk to the banks. He had good friends there and he arranged meetings for me with several of the banks. David Rockefeller was running Chase Manhattan at the time and David wanted people who did not have a business background. He wanted interesting people, cultured people, and well-educated people. His belief was that we can always teach you finance. Chase Manhattan hired me and I went for my MBA at night. In my first job I taught finance for a year at the bank and then went to Mexico to follow the mining industry. I did a bunch of deals and transactions with Mexican companies and I fell in love with that sector and I have been in it ever since. That would be about 1971. I did a lot of business in Mexico and some of the people I did business with then I still do business with today."

He maintains that he still finds time to write his poetry.

He was extremely successful in banking becoming the President of Chase Manhattan Canada in the mid 70's and as a result lived in Toronto for three years. Moving back to New York, he became a partner with Burns Fry before the Nesbitt merger and then moved across to Wood Gundy.

"During those times I got more and more connected with Canada and continued doing business in the mining sector. I left Wood Gundy with two other partners when CIBC bought it and started the Lancaster branch of Lancaster Financial. It was an M&A boutique quite well known for about seven or 8 years until two of the partners died in the same year. We then sold the firm to TD. I ran the mining business for Lancaster for some years in New York then I spent 2 years at TD as co head of their mining business until 6 years ago when I left to set up my own firm."

Despite the downturn in the mining industry in the mid 90's, Roman believes Vancouver remains the centre for exploration companies in the world.

"It's an entrepreneurial place, people start companies here all the time to explore. Although the coffers of investors are not wide open for this sector, they are not wide open for the other sectors either. There is money that is flowing again into the junior sector and I think it is going to continue to improve. The sector now is populated by people who have come in from senior companies, and

started juniors. It is not as promotional, and I don't mean that in a derogatory way, as it has been in earlier years."

He says money is available for exploration but the flow is intermittent at the moment.

"But good stories can still get support. I'm working with a company called Expatriate

mining and exploration companies.

"Business has tended to come to me, believe it or not, even in this miserable market. I'm always selling because I am a salesman but I do have a position and a reputation in the industry that people find useful. I have a lot of friends in the industry too and I'm thankful to a lot of them for helping to inform



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Resources right now, spinning off the gold assets of that company into a new company called StrataGold and we have support of 2 good under writers to take us public. Although the market is not fantastic, right now we still believe that we are going to be able to get that deal done. We assisted another excellent junior company, Rubicon Minerals to raise over \$6 million earlier in the year.

"I would say that the market is very picky right now. A junior company needs to have a strong exploration or development project, and get strong support from the street. There is an emerging appetite out of Europe for this junior sector again. They are a lot more sensitive to the gold price than other geographic areas in my opinion."

As a business, RFC provides financial advice to

people that there is a little boutique out there that can help you do things."

One of their larger transactions was with Wheaton River and its' acquisition of Mina Luismin S.A.

"I advised Wheaton River on the acquisition of Luismin which was a Mexican company that produces about 200,000 ounces of gold equivalent a year. I knew that the parent company was in financial difficulty. So I approached Wheaton because they needed to do something and proposed that they acquire Luismin. They retained me and six months later we bought it. That's one example of advising a buyer in making an acquisition of a company," continues Friedrich.

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"But I've given fairness opinions: when Dayton bought Mirage, I gave a fairness opinion to the Mirage board. When La Teko was sold to Kinross I represented La Teko and assisted them in getting what I think was a maximum price for that asset which was the True North deposit in Alaska."

The majority of the company's business continues to be M&A related.

"Right now for example I'm actively engaged in three asset sales. One is a company that is actually in bankruptcy in the US. They are selling their exploration assets in Alaska and I am representing them in an auction. I am helping another company in Vancouver to joint venture and sell 50% of a silver refinery in Idaho, and I am the financial advisor for Leader Mining who have a very large magnesium deposit in BC."

He tries not to get too involved in company financing.

"I almost do it as an accommodation, it keeps me in touch with investors in the street and if I can help my clients then that's what it's really about."

RFC is a small firm catering to a niche market, aside from Roman and his secretary in Vancouver, Valerie Virkler is his partner back in New York who is responsible for research and analytical activities.

"I'm told I don't have any competitors, because it's a little niche market. I don't quite believe that! Sometimes I'll compete with a big firm like CIBC Wood Gundy or Nesbitt Burns but not usually because I tend to work on the smaller companies and they don't go in that direction. I do business with Toronto, Denver and the UK. RTZ has been a client of mine and I've done a fair amount of business with Kinross. I'm constantly in touch with the likes of Newmont and Barrick on things but they tend not to be the client. I'm usually on the other side."

Despite the perception in some circles that Toronto is the mining capital of Canada, he remains confident about Vancouver.

"There is a growing intermediate sector here. If you look at companies like Wheaton River, Eldorado, Bema, Northgate and Miramar to name a



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few, they are growing very rapidly. They have very good people and are companies that have survived horrific times in the industry. And the people who previously made money, such as the

people in Arequipa and the people in Sutton, they are back again. If you have good people, they are going to find things to do and will be able to raise money. So I'm really very bullish about the Vancouver scene," enthuses Friedrich.

"Moving out here was a very positive thing for me. My friends and clients tell me that my timing was perfect. I caught the bottom of the market and it couldn't get any worse!" he says.

"I guess my next challenge now that I've been here a year and a half is to decide how I grow the business."

Having done pretty well in poor market conditions, RFC is perhaps uniquely positioned to capitalize on a turnaround in the industry. Roman believes it is coming and he is open for business. Although he may not have so much time for his poetry.



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