Case study

Strickland Metals

Primary themes

Environmental | Social ✓ | Governance ✓

Approach

Direct ✓ | Collaborative | Escalation

Objective

Achieved ✓ | Ongoing | Not met | N/A – interaction

Summary

This engagement refers to our escalatory actions via dialogue with the Board Chairman and the CEO regarding assurances over governance and conflicts of interest issues connected to a divestment, which resulted in a geographic pivot for the company.

Although we were comfortable with the company's strategic direction, we challenged the Board over the deal governance and imparted our expectations going forward. These views were acknowledged by the Board. The company also communicated our concerns to the counterparty which has independently refreshed its own Board of Directors.

These concerns created further dialogue with management, and we gained a deeper understanding of the company's geopolitical exposures and opportunities. The dialogue also expanded to cover the company's social licence to operate in Serbia. Throughout the dialogue, we addressed some very interesting topics relating to management's strategy around human capital management and advancing employee cohesion within the context of social and religious dynamics that may play a role in Serbia.

Summary of issues

Strickland Metals is an ASX-listed mining company. The initial investment rationale was centred on the company's focus on gold exploration via assets in Australia and Serbia. Although the company continues to maintain domestic interests, its geographic footprint has significantly shifted over the period with a strategic decision to pivot towards Serbia and the sale of Australian assets.

On 30 June 2025, the company announced that it had agreed a deal to sell its Western Australian mining assets to PPG Yandal Pty Ltd, a wholly owned subsidiary of Gateway Mining Ltd which is also listed on the ASX.

The deal was structured so that the company would receive 1.5B Gateway convertible preference shares, equivalent to $45m Australian dollars (25 June 2025). Following completion, Strickland transferred 1.2B of these shares to its own shareholders as part of the deal. Consequently, Jupiter also obtained exposure to Gateway, while Strickland became a significant shareholder in Gateway with a 17.5% stake.

The rationale behind the deal was to enable the company to focus on its mining projects in Rogozna, Serbia.

Although we understood the strategic rationale and recognised the value of the Serbian assets, we were cautious about this deal due to governance concerns. There is a history of cross-directorships between Strickland and Gateway. Subsequently, we needed assurance about how conflicts of interest were being managed to ensure this transaction offered optimal value to shareholders.

- Peter Langworthy was appointed as a technical advisor to Strickland in 2021 and went on to become a (non-independent) Non-Executive (NED) in June 2024 and left the Board in March 2025. Over the same period, Langworthy was a Managing Director of Gateway (2018-2021). He went on to become Gateway's Executive Chairman in February 2021 but stepped down a few months later in May 2021 to focus on his private business interests. Langworthy made a return to the Gateway Board in May 2024 as a non-executive Chairman as part of a wider Board refresh and transitioned to Executive Chair in October 2024 as part of Gateway's growth strategy. This was short-lived and he reverted to non-executive Chairman status in August 2025. However, the significant point for our engagement is that he served as leader of the Board during the deal with Strickland.
- Trent Franklin was appointed to the Strickland Board as a NED in 2021 and he has also served as a NED with Gateway from 2013. Franklin served as a NED on both boards at the announcement of the deal and has also spent time as the Gateway Chairman.

Engagement objectives

We do not question the expertise, leadership or credentials of the abovementioned directors, but as effective stewards we needed to investigate the Board's approach to managing this situation and how it acted to ensure the outcome was aligned to our interests. Gateway Mining acknowledged these issues in their public statements and confirmed Messrs Langworthy and Franklin abstained from voting on all matters relating to the acquisition at Gateway Board meetings.

About the engagement

We convened a call with the Chairman and the CEO in August 2025 to convey our concerns and challenge the Board members about conflicts of interest (through the cross-directorships). The Board members were relatively relaxed on the matter and stated that all governance protocols were adhered to with respect to director access, decision-making and internal voting.

The CEO reaffirmed the Serbia opportunity by highlighting support from a Chinese strategic investor. The company received funding from Zijin Mining, a Chinese entity, in April 2025 to help advance exploration in Serbia. This gave Zijin Mining a 2.4% stake in the company. The CEO was keen to continue these conversations, and we had a further in-person meeting in late August 2025.

At the second meeting, we continued to underline our reservations about the deal governance. While we accepted the assurances, we urged the company to reflect and consider good governance protocols and Board independence going forward. The CEO provided further details about how the pivot to Serbia and the disposal of the Australian asset was strategically and politically advantageous, especially with the Chinese backing.

The discussion moved on to operations, and we discussed workforce-related matters. The CEO provided some fascinating insights about the social dynamics in Serbia and how the company was working with communities as a part of its commitment and social contract.

The CEO talked of a concerted effort to advance employment for the Muslim community. This was a very important consideration for the company with respect to employee cohesion and its societal contribution. The CEO underlined the importance of this matter with respect to the company's ESG efforts, but he stated he had also seen competitors struggle in this area which had contributed to poor relations with communities and the political authorities which ultimately worked against their rivals' business interests. The company was keen not make the same mistakes and we respected his determination.

The company revealed that in certain quarters there is a level of disharmony between community groups from the (Kosovan) Muslim and the Orthodox Christian populations. The company is not making any judgements or adopting a political or social stance. These circumstances are shaped by complex and longstanding issues in the Balkans. However, the company recognises its duty to act accordingly and demonstrate a positive social impact for employees and communities.

The CEO discussed their efforts to increase Muslim participation in the workforce and outlined targeted initiatives to develop interactions amongst the workforce through funding social gatherings and sponsorship of sporting events. We once again met with the CEO in December 2025 which was positioned as a routine dialogue to discuss strategy. The CEO also took this opportunity to reaffirm the above efforts and discussed the progress that had been made.

Outcome

The company held an EGM in August to ratify i) the capital mechanism to facilitate the deal and ii) approve past share placement with Jin Huang Mining Company Ltd, a wholly owned subsidiary of Zijin Mining.

The company recognised our governance concerns, and we were satisfied with the assurances. Nevertheless, we felt that it could have performed better in this regard to proactively address some of the obvious matters ahead of the deal. We took a principled stance and decided to vote against item i) at the August EGM. This was communicated directly the CEO at our meeting who understood our rationale. We supported all other items.

We did not liaise with Gateway over this period, but we have assumed a shareholding through this deal. It is evident that the Gateway Board has been refreshed in late 2025 and some of these developments resonate with our engagement focus on cross-directorships:

- Peter Langworthy resigned from the Gateway Board in September 2025 and serves as a technical advisor.
- Trent Franklin resigned from the Gateway Board in August 2025

We do not have any direct influence over these outcomes but as a new shareholder we are satisfied with the Board refreshment. The Strickland CEO did confirm Jupiter's concerns about governance and cross-directorships to Gateway through their normal course of dialogue.

Gateway also appointed a new Executive Chairman in August 2025 and we have agreed to have a meeting in early 2026 to cement this relationship and discuss governance matters.

We are encouraged by the company's efforts around diversity and social impact. This is not a straightforward area, and we seek to support the company with its efforts. We will keep monitoring these developments.