

**Hedge Fund Manager Irwin Sees Value in Resources, Gene Simmons**  
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By Matt Walcoff

June 14 (Bloomberg) -- Hedge-fund manager Warren Irwin isn't fussy when it comes to finding growth opportunities for his Rosseau LP, which has the best five-year return among 80 funds in its class worldwide, according to BarclayHedge Ltd.

Irwin has invested in high-yield bonds, distressed securities, short positions and equities in several industries. His portfolio now consists almost entirely of energy and mining stocks such as Paramount Resources Ltd.

"We see governments around the world printing money, and the value of paper money is being devalued every day, so we want to be in real assets," said Irwin, 46, whose C\$200 million (\$193 million) fund has risen 11-fold since its inception in 1999.

Rosseau last month invested C\$5 million in Condor Petroleum Inc., a privately held oil exploration company with operations in Kazakhstan. Osisko Mining Corp. executives Sean Roosen and John Burzynski, who Irwin said are "winners keen to make money for investors," are on Condor's board and own stakes in the company's largest shareholder.

Rosseau lost nearly half of its gains in late 2007 and 2008 as it misread the bottom of the market and waited too long to reduce some of its base-metals holdings, Irwin said. Since then, the Toronto-based fund has more than doubled, with investments in energy companies including Paramount Resources and Athabasca Oil Sands Corp. and materials producers such as Colossus Minerals Inc. Rosseau's five-year annual return is 28 percent, tops among so-called event-driven hedge funds.

#### Joining the Tour

Irwin said he's always been interested in the resource industry. In the 1990s, as a director of special investments for Deutsche Bank, he sneaked onto Bre-X Minerals Ltd.'s gold project in Indonesia to join an all-booked tour. He sold the shares after the company said the geologist who discovered the mine had died from a fall from a helicopter. The announcement started a chain of events leading to the exposure of the company's reserves as a hoax.

"In few other sectors do you have the opportunity to invest in a company where one day the stock could be trading at 25 cents, and in a matter of months it could be trading at 10 bucks," he said. "I love the whole aspect of discovery."

Rosseau made profits of C\$30 million each when Goldcorp Inc. bought Gold Eagle Mines Ltd. and Kinross Gold Corp. acquired Aurelian Resources Inc. in 2008, he said.

Rosseau's current weighting in resources reflects Irwin's view of the broader economy. He's in the inflationist camp, saying the austerity measures enacted in Greece and Spain to corral budget deficits are unlikely to be repeated in countries that control their own currency. Governments sometimes increase money supply to cover fiscal deficits, which can lead to inflation.

## Printing Money

"When politicians have a choice between printing their way out of a problem or cutting spending to get themselves back on track, they often choose the easy way," he said.

Irwin invested in Athabasca when it was privately held last year for as little as C\$2.50 a share. PetroChina Co.'s partner in Canadian oil sands development went public at C\$18 last April and has since dropped to below C\$11. Irwin said investors who sold shares after the initial public offering are looking too short-term and those who wait for the company to begin production, which is expected in 2014, will be rewarded.

Rosseau bought shares of western Canadian oil and gas producer Paramount for C\$15 in October. The shares closed at \$18.99 on June 11.

Another Rosseau holding, Tourmaline Oil Corp., is likely to go public in the next 12 months, Irwin said. Its chief executive officer, Mike Rose, ran Duvernay Oil Corp. before Royal Dutch Shell Plc bought it in 2008.

## Brazil Deposits

Colossus, which is also backed by Sprott Asset Management LP, is developing a precious-metals deposit in Brazil. The company has reached a deal to increase its land base seven-fold, which Irwin said "could hold the potential for a significant increase in resources."

Irwin doesn't just look for opportunities in the resources industry. When a chance to spend three days with the rock titans of KISS, including Gene Simmons, came up at a Los Angeles charity auction last year, he figured it was a steal at \$20,000, even though he's not much of a fan of the band.

Irwin now has an autographed guitar and three days' worth of stories to show for the experience.

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