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Minews Story

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Altius Minerals Has Ensured Future Cash Flow With Purchase Of Part of Voisey's Bay Royalty.

Minews last wrote about Canadian listed Altius Minerals in April, but in the meantime the company has transformed itself by acquiring part of a nickel royalty on the Voisey's Bay nickel project which is due to start production in late 2005 or early 2006. Brian Dalton the CEO of Altius was in London last week to explain the background to this deal and lay the ground for future developments. Voisey's Bay, it will be remembered, is a world class nickel sulphide project discovered in Labrador by Robert Friedland's Diamond Fields back in 1995. It was then sold to Inco the following year for squillions of dollars, but the various authorities in Newfoundland and Labrador managed to delay its development by at least five years.

Every successful mining entrepreneur needs a bit of luck and it was Brian Dalton's luck that a friend of his from way back when they had earned their way through university by hatching exploration plays, was involved in the limited partnership which owns a 3 per cent net smelter royalty over Voisey's Bay. For reasons of his own this friend wanted some cash in his hand rather than wait another two or three years. It was agreed, therefore, that 10 per cent of this royalty would be sold to Altius for shares. Even a 10 per cent interest in the royalty at current metal prices and exchange rates is expected to spin off between C\$2.2 million and C\$2.6 million a year which means that the whole shebang would generate ten times the amount.

The deal suits both parties as Altius can anticipate significant cash flow and the vendor can sell Altius shares for cash or ride with the company and benefit from any successes achieved by its joint venture exploration projects in Newfoundland and Labrador where a number of leading companies are its partners. This spread of risk in exploration from a company which has achieved consistent growth in its share price has obvious attractions and it should be no surprise if Brian Dalton and his friend enlarge this deal. It would still leave the limited partnership with a lot more annual income than two thirds of Canada's producers if the deal was doubled to a 20 per cent share, and both Altius and the vendor maintain major exposure to any rise in the prices of nickel, copper and cobalt.

In the meantime Altius soldiers on with its exploration projects. Brian Dalton sees no need to move further afield. Newfoundland itself has a unique geological history with rocks that illustrate the complete tectonic cycle from the rifting of an ancient continental mass through to eventual

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closure through subduction which generated plutonism, related volcanism, and related mineralising events. If that sounds a bit technical, take it that the earth's surface crunched up all around Newfoundland releasing a lot of liquefied metals and minerals. Roland Butler, one of the directors of Altius, convinced Barrick that the Botwood Basin, at the centre of this disturbance, was a dead ringer for the Carlin Trend in Nevada with its epithermal gold deposits. Barrick signed up as a joint venture partner on the Mustang trend in December 2001. It has withdrawn since becoming part of Newmont, but Butler still has faith and expects a new partner soon.

Last month Altius began drilling the Rocky Brook property in western Newfoundland where it is targeting the source of boulders which contain very high grade uranium mineralisation. The exploration is being funded by Cameco Corporation, a world leader in the uranium business, which is earning up to a 65 per cent interest in the project by spending C\$3.5 million and making some cash payments to Altius. Work done so far has developed a number of target areas and about 80 shallow holes are being drilled into them.

At the same time Altius has drilled a vertical hole 1,256.8 metres deep on its own account at the Rambler project near Baie Verte. This does not mean that the company is changing its policy as the resulting data will be used to attract a joint venture partner. Asked if this policy would vary if he was sure that he was sitting on a major deposit, the answer from Brian Dalton is still, "No, there is always geological risk and our shareholders appreciate the way we do things here." Last week Altius announced that the hole had intersected a copper-gold bearing VMS style stringer system. In addition a significant off-hole conductor was identified and this anomaly will now be drilled. In the closing months of this year Altius will therefore be busy as it is also drilling a multi-ounce /tonne gold veining system with Sudbury Contact Mines as partner and some large , high grade polymetallic targets with Inmet. The newsflow should be more than sufficient to hold the attention of investors.

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