

# Harry Dobson

## in Search for the Lost Mine



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Sunday Times 2004 Rich List (Dobson is worth an estimated \$440 million, Rowling just slightly less at \$435 million). The similarities don't end there.

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**Mine developer Harry Dobson (left) and Altius Minerals CEO Brian Dalton (right) hope to restart Baie Verte's Rambler Mine with a little help from investors like George Milton (centre).**



## Search for the Lost Mine

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Up until the last decade, Baie Verte, Newfoundland was a boom town. Clarence Martin must have thought he’d discovered a gold mine when he arrived there 40 years ago to start work as Underground Superintendent with Rambler Mines. He says that even though it was “pretty tough work” for many of the 210 employees, using jackleg drills and slusher scrapers that demanded tremendous physical exertion, the monetary rewards were equally impressive. Nor was he the only one to share in the wealth. Back then, Baie Verte was a prosperous community whose 3,000 residents enjoyed amenities rare for a town that size, including a curling club, bowling alley and outdoor swimming pool. The communal wealth was largely due to two mines, Rambler and the John Mansville asbestos mine, which provided an abundance of high-paying mining jobs.

Even though he’s been living in Baie Verte for 23 years, Mayor Gerald Acreman is one of the town’s newest residents. He remembers clearly the closing of Rambler Mine and how devastating it was to the community. People were not prepared for the closure of the mine and many moved away immediately. Businesses closed and houses sold for the value of their outstanding mortgage. During this same period, the Advocate asbestos mine was also undergoing periodic shutdowns (although it was temporarily revived as an independent mine in 1982 with less the half the staff). Even some of the town staff were let go, since both mines were large taxpayers. Then the asbestos mine closed in 1984 with no chance of re-opening. Since the closure of both mines, Baie Verte has shrunk to less than 1,500 residents.

The Rambler copper mine (formerly known as Ming) closed because of low copper prices and the inability to mine the continuation of the ore zone. According to [www.minesite.com](http://www.minesite.com), exploration activity in the mine’s last year of operation revealed a “spectacular native gold mineralization...” at depths just over 1,800 feet. Further, a new zone of massive sulphide was discovered 600 feet northwest of the Ming deposit. Continued delineation and drilling proved impossible because the mineralization extended beyond the mine’s property boundary. When the mine’s owners were unable to negotiate a deal to explore the neighbouring property, mining operations ceased.

The potential of the Rambler Mine did not escape the attention of Brian Dalton, the 32-year-old

president and CEO of Altius Minerals. Founded in 1996, Altius is now a leading mining exploration company with a diverse portfolio of properties throughout Newfoundland and Labrador. Dalton can be likened to a conservative portfolio manager. Under his leadership, Altius has reduced the risk to its shareholders on many projects by working with joint venture partners and through its diversification in several commodities: base metals, gold and uranium. Even more unusual for an exploration company, Altius has revenue from a Net Smelter Royalty from Inco's Voisey Bay mine. With base metal prices of \$3.25 Ni, \$0.90 Cu and \$7.00 Co, revenues from this Net Smelter Royalty are expected to exceed \$1 million annually.

In 2001, Altius Minerals acquired all the property on the Rambler mine together with the neighbouring property. This allows, for the first time, exploration of all resources on the full deposit. Geological exploration led to a deep drill program in 2003, the results of which indicated the possibility of an extension of the higher-grade Ming ore zone and the continuation of a large lower grade Footwall zone that had never been mined. The drilling continued in 2004.

Altius was not the only group interested in the property. Brian Hinchcliffe and Harry Dobson had done some preliminary evaluation of the property in 1995. It was on their list of interesting mining properties, however it appears they missed out when Altius acquired the Rambler property in 2001. They have since made the transition from competitor to joint venture partner with Altius.

Harry Dobson raised "several billion" in capital for mining companies while heading up the London office of Yorkton Securities. Then he decided to become a mine developer, instead of a fundraiser for other mine developers. While at Breakwater Resources (a mineral resource company he helped found), he noticed how Wall Street commodities trader Brian Hinchcliffe was able to earn more profit trading the mine concentrate than the mine operations. This led to the first partnership between Dobson and Hinchcliffe at American Pacific, a Latin American mine that was turned around in three years and sold at a profit of over \$87 million.

Then the dynamic duo teamed up to take over the Kirkland Lake Gold Mines (KLG), situated between Timmins, Ontario and the Quebec border. It was bought in December 2001 for \$5 million plus assumption of a \$2 million environmental bond and a sliding scale of Net Smelter Royalties. Since then, KLG has undertaken a \$21 million drill program over three years – one of the largest drill programs in Canada. Drill results released July 11, 2005 of a new ore zone show a 90-foot section of grading 2.03 oz per ton (uncut) which is equivalent to the Goldcorp mine, the richest gold mine in the world. However, the revival of KLG demands a lot of capital. It has raised more than \$90 million in new equity since then, much of it on the London Stock Exchange's Alternate Investment Market (AIM).

At the time of Dobson and Hinchcliffe's purchase, the Kirkland Lake area was thought by many in the industry to be "mined out". Kirkland Lake Gold now has about 250 new jobs and recently added a new doctor to the community. With the stock price of Kirkland Lake Gold up 300 per cent from the start price in December 2001, many investment professionals want to be involved on the ground floor of Dobson and Hinchcliffe's next high risk mining venture.

Dalton, Hinchcliffe and Dobson finalized negotiations in March of 2005 for a joint venture on the Rambler property that would result in a new company being formed. Rambler Metals and Mining PLC had an initial share issue on London's AIM market of £8 million or about \$18 million (Cdn.). European fund managers would hold 40 per cent of Rambler, Altius Minerals 30 per cent, Harry Dobson 16.25 per cent, Brian Hinchcliffe 4.28 per cent, and other directors holding smaller amounts. Rambler Metals and Mining must spend \$6 million on exploration before June, 2008 or the Rambler Property will revert 100 per cent to Altius Minerals.

Since May of 2005, two drill rigs with three crews each have been working round the clock on the property. This is just one part of a 28,000 meter drill program that could “make or break” a revival of the Rambler Mine. The normal driller’s schedule is to work for seven day shifts followed by seven night shifts with one week off. Not that the drillers are complaining. This arduous work schedule is rewarding, paying drillers between \$1,500-\$3,000 per week.

Despite the lucrative salaries being mined in their own back yard, Mayor Acreman says the community isn’t building their hopes up because they’ve had 20 years of disappointments. However, those who are paying attention realize the success of the current exploration program could spell a revival for the slowly disappearing town.

Clarence Martin says that, “having Rambler Mines start up again would be like Baie Verte winning the lottery.” It’s anticipated that many of Baie Verte’s tradespeople, who work seasonally in Greenland, Fort McMurray, Toronto and the Arctic and come home during winter lay-offs for a month or so, would gladly return to work in Baie Verte.

While it may be too early to talk of a reopened mine before the ore reserves have been clearly defined, a successful drill program could see the Rambler Mine producing in as short as 18-24 months. It’s not possible to predict the outcome of the exploration taking place on the Rambler project, but one thing is certain; it has the best players working to achieve its objective and the people of Baie Verte could be the big winners. With a little help from Rambler, Harry Dobson might nudge even further ahead of J.K. Rowling on next year’s Scottish Rich List.