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Financing option innovative, province says

Baird, Moira

Altius Minerals Corp. is aiming to branch into hydroelectricity and high finance - if all goes well with the St. John's company's proposal for the Lower Churchill development.

The busy junior mineral exploration company was among three shortlisted candidates pitching financing options for the Labrador hydro project.

The Altius proposes creating a royalty trust that would acquire a percentage of the revenue generated from the sales of Lower Churchill electricity.

The idea was described as innovative by the provincial government Monday when it outlined the financing proposals.

"We're pretty happy to be there," said Brian Dalton, president of Altius.

"I think we can provide a really competitive source of financing here and also a financing source that's based here. We think we've got a reasonable shot."

Dalton said royalties are a common method of financing mineral projects.

"We've proposed to create a royalty trust that would acquire a royalty interest in the project in exchange for financing.

"So, we wouldn't look for an actual ownership interest in the project, nor would the province or whomever have to take on additional debt.

"It's just a third option in the financing world."

It's also one that publicly traded Altius has previously employed.

Two years ago, the company bought a portion of a three per cent smelter royalty from the discoverers of the Voisey's Bay nickel find, Al Chislett and Chris Verbiski of Archean Resources Ltd.

Archean and Altius are partnered in the Labrador Nickel Royalty Ltd. Partnership.

As part of the deal, Altius paid \$12.75 million for 0.3 per cent worth of the royalties from nickel, copper and cobalt production at the Voisey's Bay mine.

The company estimates its share of the royalties to be more than \$1 million annually over the first 25 years of the mine's life.

"It's not a real big leap of faith to go from a royalty interest in the Voisey's Bay

project to a royalty interest in something like an energy project," Dalton said.

He said the company has a good track record for bringing in other people's investment dollars in mineral projects and investing its own money in the province.

Like most junior exploration companies, Altius uses joint-venture deals with large mining companies that help pay for its exploration work in return for ownership of any potential mines.

"I don't think that hurt our cause at all. We've been doing it for nine years," Dalton said. "It's a natural follow to the Voisey's Bay royalty acquisition."

Before the details of the proposed financing framework can be fleshed out, he said the province must select a developer and set timelines for the Lower Churchill project.

"As a potential royalty holder, it's in our interest to see the best plan go forward."

Altius explores for gold, base metals and uranium throughout Newfoundland and Labrador.

mbaird@thetelegram.com