

Abitibi Royalties inks three deals in 30 days

Within a month of launching an online platform that enables junior mining companies and prospectors to pitch their properties to **Abitibi Royalties** (TSXV: RZZ; US-OTC: ATBYF), CEO Ian Ball says the company has received 41 submissions and signed three deals.

Under the scheme unveiled on June 9, Abitibi pays a company's or prospector's claim fees on their existing mineral properties, or provides money upfront that allows them to stake new ground, in exchange for a net smelter return royalty (NSR).

"Each of the three deals we've signed so far have the ingredients we're looking for," Ball says in an interview. "They're near existing mine sites, they have good geology, and signs of mineralization."

Today Abitibi Royalties announced its third deal: a 2% NSR on Nordic Minerals' 3.3 sq. km property about 5 km southwest of **Hudbay Minerals'** (TSX: HBM; NYSE: HBM) flagship 777 mine located within the Flin Flon greenstone belt in Manitoba. The 777 mine produces zinc, copper, gold and silver, and production is expected to continue there until 2020.

In exchange for the NSR, Abitibi Royalties will pay Nordic's annual claim fee on the property (about \$5,000) that are due in 2016. There is also a three-year option for Abitibi Royalties to pay an amount equal to the annual maintenance fees required to maintain the property in good standing, in consideration for which the NSR will increase by 1% for each annual payment made on behalf of Nordic.

In addition, Abitibi Royalties has agreed to pay Nordic about \$5,000 in exchange for the right to receive 15% of the total proceeds should the property be sold. The cash will be paid from Abitibi Royalties' working capital.

The agreement with Nordic follows a deal Abitibi Royalties struck on July 6 with Ivars Azis, a businessman with a background in geotechnical engineering, to acquire a 2% NSR on 2.8 sq. km of mineral claims about 3.5 km east of **Metanor Resources'** (TSXV: MTO) Bachelor mine in Quebec, about 225 km northeast of Val d'Or. The terms of the deal are similar to Abitibi Royalties' arrangement with Nordic.

In mid-June, Abitibi Royalties acquired a 2% NSR on Golden Valley Mines' Smokehead prospect, 1 km southeast of the Canadian Malartic gold mine in Quebec.

Ball, who was promoted from company president to chief executive on June 26, notes all three deals “are interesting in their own respects.”

On the property east of the Bachelor mine, for example, “there was various information in the technical reports about Metanor’s Bachelor mine stating that there were good targets to the east, so it looked to me like it was an interesting concept,” he says.

“We’re still reviewing a number of the 41 submissions we’ve had that look similar to these three,” Ball says, adding that one of the areas the company is most interested in is Nevada and that Abitibi Royalties is speaking with a number of companies that either have claims in the state or hope to stake them. Ball also notes that claims fees are due in Nevada at the end of July -- a deadline that is fast approaching.

So far, Ball considers the company’s new “royalty search” website a success. “It certainly has put us in contact with people we would never have spoken to before,” he says, “and it has raised the profile of the company in the royalty space. Our objective was to see if we could acquire 20-30 of these in the next year, and so far we’ve been able to move toward that, so we’re pretty happy.”

“As commodity prices continue their downturn, more and more claims will become available.”