

DIGGING IN: INTERNATIONAL ROYALTY...

“Mining is a tough business, with high capital costs and one in which, as the old saw has it, ‘Murphy works overtime.’ One way to mitigate the risk while remaining exposed to upside in resource prices is through royalties. Royalties come in all shares and sizes; they can be net or gross; fixed or sliding scale and so on. **International Royalty Co. (ROY 5.44 ASE)** has put together an extensive portfolio of over 60 mining royalties, most of which are on properties not in production currently. Its crown jewel, accounting for half the company’s net asset value, is from a royalty on the world-class Voisey’s Bay nickel mine in Labrador, Canada. Many of its other royalties are on gold projects, including its second most important asset, the royalty on Barrick’s Pasuca mine in Chile. It has recently been increasing its exposure to gold through acquisitions from, among others, Goldcorp, including a smelter royalty on Barrick’s Pinson project, scheduled for production by early 2009. The stock sold off recently after it raised equity money for a potential large-scale purchase, which fell through. As metals prices continue to advance and more of the properties on which International Royalty holds royalties come into production, the company will benefit tremendously, making it a solid long-term growth story, as well as ripe for a rebound from oversold levels.”

Adrian Day, Adrian Day’s Global Analyst, 801 Compass Way, Ste. 207, P.O. Box 6644, Annapolis, MD 21401, (410) 224-8885. www.AdrianDay.com, email letter sent as opportunities arise is \$490/yr.
