
International Royalty acquires stake in Skyline Coal Mine

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International Royalty Corporation announced that it has completed the acquisition of an overriding royalty interest on the Skyline Coal Mine located in Carbon and Emery Counties in Utah. The Skyline Mine is operated by Canyon Fuel Company, a subsidiary of Arch Coal Inc.

Royalty acquired represents a 77.424% interest in the underlying 1.825% overriding royalty originally held by Skyline Partners 1993 L.P. on the New Lease Block, providing an effective 1.413% royalty to IRC.

The royalty is payable on all sales revenue after deductions for washing and associated transportation costs. The acquisition cost as of the June 1st 2008 effective date of the transaction was USD 2.6 million, an estimated USD 350,000 in royalty revenues received and receivable from that date until closing will subsequently be treated as a reduction to the purchase price.

IRC estimates that the royalty will generate annual revenues of approximately USD 1.2 million per year, net of washing per transportation expenses and the State of Utah mineral production withholding tax, over the 4 year life of the long wall panels in the current mine plan. The royalty interest also applies to additional resources at the Skyline mine, should they be developed.

Production at the Skyline complex began in 1981 on the Old Lease Block and to date over 70 million short tonnes of thermal coal has been extracted. Mining on the New Lease Block began in 2005 via an underground long wall system with continuous miner sections supporting development. Production during 2007 is reported to have been 2.4 million short tonnes up from 1.6 million short tonnes in 2006.

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