PROJECT DESCRIPTION

In July 1990, AIDEA purchased the Skagway Ore Terminal (SOT) to bring stability to Skagway’s then major year-round industry; fund essential environmentally efficient renovations to the terminal; and open the door to additional economic growth by marketing the terminal to other potential users. The terminal was purchased from White Pass Railway, with a sublease of City property approved by the Municipality of Skagway. The current user is Minto Explorations Ltd., a subsidiary of Capstone Mining Corp. (previously Sherwood Copper Corp.). The user contracted with Mineral Services Inc. (MSI) to operate and maintain the terminal in April 2008.

The SOT consists of a 6.7 acre industrial waterfront lot whose primary features include: a 98,000 square foot 16-inch thick concrete floor, a 42,000 square foot concentrate storage building (the original concentrate storage building was demolished in 2003) surrounded by concrete containment walls, office, shop, laboratory, electrical and wash buildings; enclosed materials handling loadout conveyors and shiploader; and a .37 acre adjacent lot which contains a fueling facility (two 10,000 gallon day tanks) and tank farm (four 30,000 gallon day tanks).

CURRENT STATUS

September 2019

Effective June 3, 2019 Capstone Mining entered into a definitive share purchase agreement to sell its 100% interest in the Minto Mine to Pembridge Resources PLC. Capstone’s User Agreement with AIDEA for the Skagway Ore terminal goes through March 2023. The agreement has now been assigned to Pembridge under a Joinder and Amendment Agreement. Ore concentrate shipments by Pembridge are anticipated to commence as early as 1Q 2020. AIDEA continues to receive interest from other ore shippers for additional capacity at the terminal.
AIDEA’s investment facilitates continued employment in the Skagway area through a stable mining operation.

gallon storage tanks).

PROJECT HISTORY
Construction of the SOT Reactivation Improvements began in February 2007. The building “In Service” date was 1 October 2007. The first ship was loaded with ore concentrates 24 October 2007. Substantial completion was achieved 18 January 2008. AIDEA’s Board approved negotiation of an amendment to the User Agreement with Minto/Capstone to provide additional storage capacity on 7 October 2008. The building extension (14,000 SF) was substantially complete mid-December 2008. Minto/Capstone ships approximately 60,000 dry metric tons of copper concentrate through the terminal per year.

BUDGET/FINANCE
Original acquisition budget was $25 million: Tax-exempt bonds sold by AIDEA, to be repaid with terminal user fees. AIDEA financed the Minto/Capstone upgrades for a total of $14 million (AIDEA funds on hand) reimbursed by tenant fees over a seven year period. Minto/Capstone pre-paid the outstanding balance of $8.5 million (plus a pre-payment fee) in December 2010.

PROJECT/ ECONOMIC BENEFITS
Under current operations, the SOT creates up to 23 jobs at the terminal (3 full time, 2 part time plus 18 during ship loading six times a year for a 24 hour period), plus jobs associated with the trucking of the concentrates from Northern Canadian mines to Skagway. Mineral concentrate shipping operations normally occur on a year-round basis, enhancing employment in a community otherwise heavily dependent on the summer tourist season. AIDEA continues to engage with potential users of the terminal. Ultimately, a new lease at the terminal will demonstrate the potential for future opportunities for other mining projects in northwestern Canada and the eastern interior of Alaska for the shipment of mine products to market. Additionally, all Skagway residents benefit from the enhanced winter road maintenance to Whitehorse, as well as additional revenue through real property taxes.

PARTNERS
Facility Owner: AIDEA
Land Owner: City of Skagway
User: Minto Explorations, Ltd. (Capstone)
Operator: Mineral Services Inc. (MSI)