

NEWS

January 27, 2009

Any Time Now The Bottom Fishers Will Be Sizing Up The Unique Strengths Of Altius Minerals

By Charles Wyatt

Anyone seeking a stock which will be quick out of the traps once there is early evidence of economic recovery should look no further than Canadian-listed Altius Minerals. Yes, its shares inevitably fell with the rest when the market crashed. But as he watched Altius halve in value over a short six months down to the present C\$4.93 per share, chairman Brian Dalton reckoned his company had got so cheap that he announced a buy-back scheme. You can't blame him. His company had C\$160.4 million in cash and liquid investments at the end of October. It gets annual income from a nickel royalty attaching to the Voisey's Bay operation. And it has a swathe of other interests from energy to gold, any of which could get the shares up and running again. On top of that, of course, it has a 20.2 per cent holding in Aim listed Rambler Metals and Mining, and that's a company that has always looked just a short hop from greatness.

Gold is top of the pops at the moment as Kinross Gold has just underlined with its recent US\$360.5 million fundraising. Kinross seemed to lock that money down almost effortlessly, once the gold price had moved out of its three month trading range and started to attack the US\$900/oz barrier. Also rolling with the bulls as gold surges, Franco Nevada has wasted no time in acquiring a 50 per cent gold royalty stream in the Palmarejo silver-gold project in Mexico from Coeur D'Alene for US\$80 million. Well, for its part, **Altius** has the Viking gold property in Newfoundland, where Northern Abitibi Mining is earning a majority interest by issuing 1.115 million shares and spending C\$1.2 million on exploration over four years. Brian makes the point that the team from Northern Abitibi make excellent partners. The project isn't shaping up badly either - late last year high grade gold was discovered at Viking. Drill intersections included 0.5 metres grading 218.8 grammes per tonne gold, 3.7 metres grading 50.1 grammes per tonne gold and 23.0 metres grading 5.1 grammes per tonne gold. Gold mineralization at Viking occurs within a three to four kilometre long gold-in-soil anomaly, and the property has excellent potential to host a multi-million ounce gold deposit.

Like Viking, most of **Altius'** projects are joint ventures, so risk is spread and cash conserved. They also tend to be located in Newfoundland or Labrador, as that is home territory, and there is not much the **Altius** team does not know about the geology. Brian Dalton also points out that some good accrues to the company in bad times like the present, as there is less competition for good projects. The deal that **Altius** signed just before Christmas on its Western Labrador iron ore properties with Kennecott Canada Exploration, part of Rio Tinto, is a classic of its kind. Rio Tinto already has one mine in the district, from which ore is railed down to North Shore, Vancouver, where there is a pellet plant. The deal between the two involves Kennecott paying back all money spent so far by **Altius** and then spending C\$3

million within three years to earn a 51 per cent interest. If it then wants to form a joint venture or jack its stake up to 70 per cent it has to spend another C\$1 million within the next couple of years. The licences total 103.25 square kilometres and contain around twenty four iron ore occurrences that offer prospective exploration targets. Brian is aware of the potential offered over the years ahead and that is why **Altius** will retain a three per cent gross overriding royalty on the properties. If Kennecott wants to buy back one per cent of this it will have to pay C\$10 million before the 10th anniversary of the original agreement.

Be in no doubt that the world's economy will be in a very different state well before then, with demand for iron ore more than likely back on an upward curve. With that thought in mind, this is not the only iron ore play in which **Altius** is involved. It also has the Kamistiatusset iron ore project in Western Labrador, where it has an agreement with Norvista Resources Corporation to try to list it as a pure iron IPO with **Altius** retaining a three per cent gross sales royalty. Norvista is a private company specialising in joint ventures, earn-in options and acquisitions. The latest news from Kamistiatusset, which is only 10 kilometres south-west of Wabush Mines' Scully mine in the heart of the iron ore district, is that drilling results included an intercept of 100.3 metres grading 31.65% iron. Grades and thicknesses encountered in drilling compare favourably with other producing iron ore mines and development projects in the district.

Apart from gold and iron ore, **Altius** is also involved in uranium, potash and oil shale and has an interest in a proposed new oil refinery in Placentia Bay. At the heart of **Altius**, however, remains the royalty on Voiseys Bay. This contributed C\$1.84 million in the quarter to end October. Despite the lower nickel price this was considerably better than the C\$1.38 million contributed during the same period the previous year, as revenue increased due to additional shipments of concentrate during the quarter. Nonetheless, there is bound to be a decrease in the December quarter, though Brian does point out that costs are among the lowest in the world so there is no likelihood of the mine closing.

Cash and liquid investments are worth C\$5.67 per **Altius** share, a valuation which sits at a handsome premium to the current share price, even after the recent buyback of 2.6 million shares. This means that the company's mining and energy assets are valued at less than nothing, which is just plain ridiculous. Brian Dalton has proved himself as one of the most successful long-term thinkers in the mining industry. He takes advantages of the peaks and the troughs. The sale of the company's founder shares in Aurora Energy, which raised more than US\$200 million in 2007 when the uranium industry was running away with itself, is a classic example of the **Altius** business model at work. It seems beyond doubt that fairly soon the bottom fishers will be knocking on Mr Dalton's door.

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