

# THE BUSINESS POST

Newfoundland and Labrador's Journal of Business and Politics

Vol. 5 No. 2

Newfoundland's largest circulation business publication

February 21, 2010

## Cash in hand

*It's treasury full and its prospects positive, Altius Minerals remains the envy of the junior mining sector*

BY CRAIG WESTCOTT  
THE BUSINESS POST

How do you summarize for shareholders and potential investors all the accomplishments and activities of one of Canada's most successful junior mining companies in eight minutes?

That was the task Chad Wells of Altius Minerals was handed at the Cambridge House Investment Conference in Vancouver last month.

Speaking to a jammed room of eager listeners, the vice president of corporate development hit as many of the highlights as possible. With a track record of 12 years of success behind the company and exciting developments in the pipeline, the best he could do was skim the surface.

To date, Altius has made about \$200 million, an incredible feat given that most junior companies never make a cent, but just keep churning up expenses in the hope of striking a big deposit and developing a mine or shopping it to a major company.

"We follow the joint venture model which is really about exposing shareholders to as much opportunity as possible at one time," said Wells. "We like to develop projects at very little cost to our shareholders by getting other companies to spend their money and their technical acumen to carry the projects."

Wells said the company realizes the odds are against it, as they are with any exploration company, when it comes to finding a mine. So the more irons in the fire, the better chance of finding that elusive deposit. Altius typically keeps a significant stake in each project, and a strong royalty position.

"We always retain a royalty," said Wells. "For us, it's about royalty creation."

That way, if anything ever does get mined, Altius will collect a share of the revenues.

Over the years, as a grassroots developer with a talent for attracting partners, Altius has also created spin-off companies such as Rambler Metals & Mining, and Aurora Energy, which was acquired last year by Fronteer Development Group with a view to developing the Michelin and Jacques Lake uranium deposits in Labrador's Central Mineral Belt. By retaining significant sized holdings in the spin-offs, Altius converts its property interests into equity stakes in new companies, thereby providing its shareholders with the chance to benefit from any mines developed by those companies. Rambler, for instance, is working towards a feasibility study on a copper and gold mine on the Baie Verte peninsula.

The creation of the new companies also enables Altius to receive big payoffs in the form of share sales later. For instance, Altius reaped tens of millions of dollars from the sale of part of its Aurora stake.

Wells said Altius is now looking at creating another new company, Alderon Resources, this one focused on developing the Kamistaitusset iron ore deposit in western Labrador.

"This is a great project," said Wells. "We're turning it into a great structured company with a very good management team that is going to be appointed in the near term. This is really something to watch."

The joint venture model works well with Altius' goal of becoming a royalty holding company. Altius president Brian Dalton stunned the industry several years ago by buying a share in the royalty attached to the Voisey's Bay nickel mine.

The move guaranteed that Altius will have cash flow coming in from Voisey's for decades to come, as well as from any new deposits that may be discovered as part of the holding.

Wells described Voisey's Bay as the best mineral deposit on the plant.

"This makes us fully funded internally," he added.

The result is that during the worst of last year's economic downturn, Altius was cashed up and primed to take advantage of any opportunities that came its way. One such opportunity was the 10 per cent position Altius acquired in International Royalty Corp. The company later became the focus of a takeover battle between Franco Nevada Corp., and Royal Gold, nearly doubling the value of Altius' holding in the company in just six months.

"This was a strategy, this was not a fluke," Wells said. "And look forward to seeing Altius doing some more of these things going forward."

With some \$198 million in its kitty and just 28 million shares outstanding, Altius remains in an enviable position, whichever way the economy goes, Wells argued.

"We're sitting on a bunch of cash," he said.