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Altius Minerals: The Way To Play The Boom In Iron And The Labrador Trough

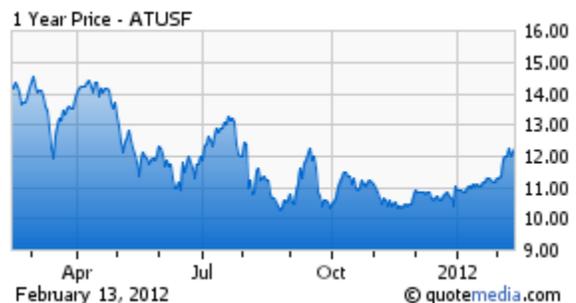
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Another area that has gained my attention as being a great potential spot for mining firms is the Labrador Trough in Canada. The Labrador Trough has been a great source of iron - it's where over 99% of Canada's iron comes from - and so there is a robust infrastructure already in place for miners that includes low-cost grid power, ports for exporting, and a full-fledged transit system.

There are lots of companies already in operation there, including Indian steel juggernaut Arcelor-Mittal ([MT](#)), so the stage is set for division of labor amongst mining firms with the potential for acquisitions of the smaller explorer firms that create value. In many ways, Labrador Trough reminds me a bit of [the Carlin Trend in Nevada](#) -- with the significant caveat that the Trough is about iron while Carlin Trend is a hunt for gold.

While I believe the opportunity in gold and gold mining stocks is the primary opportunity in the world today, iron is something I certainly think is worth keeping an eye on. Like lots of other stuff in the ground, iron is increasingly difficult to mine at cost-effective rates while demand remains firm. Put another way, [peak iron](#) is here. India, a major producer of iron, has [raised](#) its iron ore export tax. And as is generally the case in the resource market, China is the smart money that is the aggressive consumer buying up the market and pushing prices higher; indeed, China is the [largest importer](#) of iron in the world.



So I believe there is a supply/demand imbalance in the iron market that can only be reconciled in one of two ways: higher prices that weaken demand or a new technology that expands supply. Until there are signs of a new technology - perhaps processes to make iron recycling more efficient? - I think the iron miners are an opportunity worth speculating on.

All of this has led me to the Labrador trough and specifically, to Altius Minerals ([ATUSF.PK](#)).

Although I think Labrador Trough is a promising value network to invest in, Altius is probably the only one that I'll actually invest in because I think they are so good and so covered that there isn't much need for an investor like myself to do much else in this area. Altius plays the finance game, as it has partnerships, including royalty deals, that give firm a stake in many others focused on Labrador Trough - like Alderon Resources ([ALDFF.PK](#)) and Century Iron Mines (([FER.TSX](#))).

Alderon and Century Iron were two companies that I also considered investing in, but I'd rather just get exposure via Altius; I view it almost like an ETF for the Labrador Trough value network. Altius currently has a market cap of around \$350 million and a P/E ratio of 5.58, which I find to be obscenely low. Of course, what is obscenely low can certainly become more obscene, but for the value investor willing to wait this bull market out until the peak comes, this is still very favorably priced in my opinion.

Of course, no rave review of Altius would be complete without a mention of their CEO, Brian Dalton. Dalton is one of the resource sector's pre-eminent rock stars, as established by his status as a Casey Research [NexTen Alumnus](#). Dalton's leadership, a finance-intensive business model focused on the Labrador Trough value network, positive earnings with a low P/E ratio, and a market cap below \$400 million add up to making Altius one worth watching.

Disclosure: I have no positions in any stocks mentioned, but may initiate a long position in [ATUSF.PK](#) over the next 72 hours.