

Investment Thesis

We view Altius as a venture sponsor and financial holding company with an exceptional management team that consistently creates value for shareholders. Led by Brian Dalton, this team has delivered a 5-year compounded annual growth rate (CAGR) of 82% in the share price since 2002.

While incremental value could arise from any of the Company's several project investments, we are conservative in our valuation, considering only those assets with near-term visible financial impact. Of the various projects in the Company's investment portfolio, we consider Altius' 37% stake and accompanying royalty in the NLRC refinery project the most likely value-creating asset for the Company over the next few quarters. With permitting success now visible, our valuation centres on this project, which we believe has a high probability of successful execution.

Our target price of \$27 represents a conservative valuation for the shares in the event of successful permitting of the refinery project. Given a hard net asset value of around \$9.80, we see an adjusted NAV of \$27 in our conservative base case up at operating margins of \$12 per barrel, and potentially over \$40 per share if operating margins are assumed at \$17 per barrel. In today's capacity constrained market, such margins would be well over \$20 per barrel for the proposed NLRC refinery. In light of our favourable view for the likelihood of permitting success, we believe the shares represent an intriguing speculative investment opportunity.

We rate Altius Minerals Corporation (ALS-T) as SECTOR OUTPERFORM (SPECULATIVE) with a \$27 target price in our conservative case. The speculative rating reflects the permitting risk of the refinery project and the commodity price risk of the resource-rich investment portfolio.

Year-end in line, Refinery Upside Potential Remains Near Term Focus

The Company reported FY2007 net income of \$52.8 million primarily due to sales of Aurora shares during the year as expected. The full year of royalty revenue from its 0.3% NSR on CVRD Inco's Voisey's Bay nickel-copper-cobalt project also contributed \$4.3 million to revenue. For FY2008 we are estimating \$6.2m in royalty revenue on nickel price of assumptions of \$19 per pound for the remainder of CY2007 and \$16 per pound in CY2008.

Earlier Monday, the Company reported that its 37% owned subsidiary Newfoundland and Labrador Refining Corporation has submitted the Environmental Impact Statement (EIS) and accompanying component studies to the province. This provides greater visibility into the provincial permitting process which is responsible for critical environmental issues. The 70 day process should bear a decision from the minister on the acceptability of the EIS by October 5th, 2007. We expect the federal comprehensive study report to follow in August to align timelines for the both processes. Given that the federal government's responsibilities are limited to the department's of Transport Canada and Fisheries and Oceans Canada, and considering the apparent strong local support for the project from the community, we continue to believe that permitting will be successful, unlocking significant value for ALS shares in the process.

Turning to our base case valuation of Altius, we highlight our conservative assumptions versus current trends in product spreads and crude differentials as they relate to the expected complexity of the proposed refinery.

Data from the US Department of Energy (DOE) Energy Information Administration (EIA) shown in table two below shows that combined average spread between heavy sour Maya crude and light sweet WTI and refined products gasoline, diesel, and jet fuel given historical spot prices. This is similar to looking at the typical Gulf Coast 3:2:1 crack spreads along with heavy sour crude differentials but, given indications from NLRC management, we believe the former is more descriptive of what can be expected from the proposed refinery's operations.

Recall that our NPV inputs include a 15% discount rate (the estimated cost of equity for refinery companies), and a net operating margin of \$12 per barrel. At average operating costs of \$5 per barrel, this would correspond to an average gross margin of \$17/bbl which in turn would correspond to an average WTI price of around \$40/bbl as highlighted in the table during 2004.

As observed, such margins are currently near \$30/bbl, hitting a high of \$40/bbl late summer 2005 (Hurricane Katrina). Furthermore, the average since January 2001, including periods when WTI was below \$20/bbl, is nearly \$20/bbl. As WTI stays above \$50/bbl and refining capacity remains tight, this long-run average should continue to strengthen.

Based on net operating margins, sensitivities to our valuation would be (target price = base case @ \$12 net = \$27):

Table 1: Valuation Sensitivities at Various Operating

	Net Operating Margin per Barrel							
	\$10	\$11	\$12	\$13	\$14	\$15	\$16	\$17
Refinery Valuation per ALS shr	\$12.05	\$16.66	\$21.26	\$25.87	\$30.47	\$35.08	\$39.68	\$44.28
Total Holdings Value per ALS Shr	\$21.84	\$26.45	\$31.05	\$35.66	\$40.26	\$44.87	\$49.47	\$54.07
Adjusted for tax obligations	\$19.40	\$23.32	\$27.23	\$31.15	\$35.06	\$38.98	\$42.89	\$46.80
Est. post-dilution equity stake ALS would retain	6.6%	8.2%	9.6%	10.7%	11.6%	12.4%	13.1%	14.7%
			Base Case Target Price					

Source: Haywood Securities

Considering the 6 ½ year average of almost \$20/bbl, operating costs as high as \$8/bbl would result in our base case NPV valuation. Therefore, with average margins widening a potential term crude feedstock agreement providing a possible discount of \$1/bbl, there is clearly further upside achievable.

Looking ahead, we believe the process should remain on track barring a snap election at the federal level which may slow down the process or other such unexpected event.

We continue to rate ALS shares as speculative outperform.

Table 2: Historical Crude and Product Sport Spreads Summary

Month of Approximate Averages for Crude and Product Prices	WTI Crude/bbl	NYH Conventional Regular Gasoline Spread Above WTI/bbl	NYH No 2 Diesel Low Sulfur Spread Above WTI/bbl	NYH Kerosene-Type Jet Fuel Product Spread/bbl	Total Spread for proforma 3:1:1:1	Average Product Spread/bbl	Maya Heavy Crude Spot/bbl	WTI - Maya Spread/bbl	Combined Product Spread and Heavy Sour Differential per barrel
15-Jan-01	29.59	5.22	6.63	6.44	18.29	6.10	17.64	11.95	18.05
15-Feb-01	29.61	5.07	3.81	5.29	14.17	4.72	19.23	10.38	15.10
15-Mar-01	27.24	5.72	4.27	5.66	15.66	5.22	16.90	10.34	15.56
15-Apr-01	27.49	12.29	5.69	6.43	24.41	8.14	15.69	11.80	19.94
15-May-01	28.63	10.29	4.66	6.92	21.87	7.29	18.21	10.42	17.71
15-Jun-01	27.60	2.62	5.31	5.37	13.31	4.44	20.16	7.44	11.88
15-Jul-01	26.42	2.27	3.60	3.68	9.55	3.18	18.80	7.62	10.80
15-Aug-01	27.37	5.23	3.93	5.52	14.68	4.89	19.65	7.72	12.61
15-Sep-01	26.20	5.74	5.06	5.57	16.37	5.46	21.62	4.58	10.04
15-Oct-01	22.17	2.95	4.67	4.66	12.28	4.09	15.90	6.27	10.36
15-Nov-01	19.64	2.08	3.78	4.05	9.92	3.31	12.81	6.83	10.14
15-Dec-01	19.39	2.34	2.83	3.23	8.39	2.80	12.50	6.89	9.69
15-Jan-02	19.71	3.14	2.88	3.89	9.91	3.30	14.99	4.72	8.02
15-Feb-02	20.72	2.52	2.49	3.48	8.49	2.83	15.40	5.32	8.15
15-Mar-02	24.53	4.78	2.54	2.70	10.02	3.34	19.01	5.52	8.86
15-Apr-02	26.18	5.07	2.61	2.66	10.34	3.45	22.22	3.96	7.41
15-May-02	27.04	2.49	1.44	1.98	5.90	1.97	23.36	3.68	5.65
15-Jun-02	25.52	4.59	2.01	3.02	9.61	3.20	20.90	4.62	7.82
15-Jul-02	26.97	5.18	1.93	3.10	10.21	3.40	22.08	4.89	8.29
15-Aug-02	28.39	3.89	2.03	3.13	9.05	3.02	22.84	5.55	8.57
15-Sep-02	29.66	3.00	3.58	4.64	11.22	3.74	24.48	5.18	8.92
15-Oct-02	28.84	5.86	4.43	5.37	15.67	5.22	23.99	4.85	10.07
15-Nov-02	26.35	5.80	4.71	4.71	15.23	5.08	18.87	7.48	12.56
15-Dec-02	29.46	4.47	5.19	5.45	15.11	5.04	20.59	8.87	13.91
15-Jan-03	32.95	3.99	5.20	5.45	14.63	4.88	28.56	4.39	9.27
15-Feb-03	35.83	6.00	12.06	12.49	30.55	10.18	28.04	7.79	17.97
15-Mar-03	33.51	6.60	9.28	7.72	23.60	7.87	26.70	6.81	14.68
15-Apr-03	28.17	5.40	5.76	5.06	16.23	5.41	20.26	7.91	13.32
15-May-03	28.11	3.79	3.64	3.86	11.30	3.77	21.93	6.18	9.95
15-Jun-03	30.66	3.30	1.72	1.75	6.76	2.25	23.94	6.72	8.97
15-Jul-03	30.75	5.92	2.88	3.21	12.01	4.00	25.59	5.16	9.16
15-Aug-03	31.57	10.74	3.23	4.00	17.97	5.99	25.86	5.71	11.70
15-Sep-03	28.31	9.63	3.32	3.68	16.63	5.54	22.58	5.73	11.27
15-Oct-03	30.34	6.40	4.91	5.16	16.47	5.49	25.64	4.70	10.19
15-Nov-03	31.11	5.92	4.40	5.04	15.37	5.12	24.26	6.85	11.97
15-Dec-03	32.13	5.04	5.37	6.40	16.81	5.60	24.52	7.61	13.21
15-Jan-04	34.31	7.62	7.12	8.97	23.71	7.90	25.96	8.35	16.25
15-Feb-04	34.68	9.31	5.24	7.80	22.34	7.45	23.96	10.72	18.17
15-Mar-04	36.74	9.09	3.21	4.18	16.49	5.50	27.23	9.51	15.01
15-Apr-04	36.75	10.27	3.67	5.64	19.58	6.53	27.91	8.84	15.37
15-May-04	40.28	16.16	4.01	9.09	29.26	9.75	31.64	8.64	18.39
15-Jun-04	38.03	10.39	4.73	5.98	21.10	7.03	28.84	9.19	16.22
15-Jul-04	40.78	10.67	6.20	8.60	25.46	8.49	30.07	10.71	19.20
15-Aug-04	44.90	5.74	5.79	7.58	19.11	6.37	32.59	12.31	18.68
15-Sep-04	45.94	7.02	9.71	12.34	29.07	9.69	31.96	13.98	23.67
15-Oct-04	53.28	4.57	11.12	12.78	28.47	9.49	39.38	13.90	23.39
15-Nov-04	48.47	4.76	10.56	10.67	26.00	8.67	32.29	16.18	24.85
15-Dec-04	43.15	1.72	11.37	11.36	24.45	8.15	26.12	17.03	25.18
15-Jan-05	46.84	5.28	8.83	11.91	26.02	8.67	30.02	16.82	25.49
15-Feb-05	48.15	3.25	9.05	9.80	22.11	7.37	30.74	17.41	24.78
15-Mar-05	54.19	6.23	11.64	12.58	30.45	10.15	37.32	16.87	27.02
15-Apr-05	52.98	9.19	12.85	13.53	35.57	11.86	37.26	15.72	27.58
15-May-05	49.83	7.75	12.57	12.51	32.83	10.94	40.01	9.82	20.76
15-Jun-05	56.35	7.03	14.14	14.43	35.60	11.87	42.25	14.10	25.97
15-Jul-05	59.00	7.80	11.01	11.81	30.62	10.21	45.13	13.87	24.08
15-Aug-05	64.99	16.36	13.22	14.91	44.50	14.83	48.01	16.98	31.81
15-Sep-05	65.59	24.01	20.72	25.90	70.64	23.55	48.67	16.92	40.47
15-Oct-05	62.26	9.50	23.36	27.78	60.64	20.21	46.84	15.42	35.63
15-Nov-05	58.32	3.43	14.56	14.80	32.79	10.93	39.73	18.59	29.52
15-Dec-05	59.41	7.80	13.30	14.45	35.55	11.85	43.07	16.34	28.19
15-Jan-06	65.49	7.38	9.16	12.01	28.56	9.52	46.43	19.06	28.58
15-Feb-06	61.63	1.33	11.96	12.03	25.31	8.44	44.05	17.58	26.02
15-Mar-06	62.69	11.45	16.18	17.62	45.25	15.08	47.95	14.74	29.82
15-Apr-06	69.44	20.23	19.10	18.77	58.10	19.37	54.40	15.04	34.41
15-May-06	70.84	14.91	18.92	18.22	52.05	17.35	55.71	15.13	32.48
15-Jun-06	70.95	15.78	18.12	16.14	50.05	16.68	52.67	18.28	34.96
15-Jul-06	74.41	19.55	17.80	18.23	55.58	18.53	58.44	15.97	34.50
15-Aug-06	73.04	12.57	20.69	18.39	51.65	17.22	58.35	14.69	31.91
15-Sep-06	63.80	2.69	10.86	13.96	27.51	9.17	50.61	13.19	22.36
15-Oct-06	58.89	4.38	14.77	15.65	34.80	11.60	46.30	12.59	24.19
15-Nov-06	59.08	7.61	14.64	14.83	37.08	12.36	45.89	13.19	25.55
15-Dec-06	61.96	8.18	14.13	15.31	37.62	12.54	47.80	14.16	26.70
15-Jan-07	54.51	5.62	13.66	16.54	35.82	11.94	41.87	12.64	24.58
15-Feb-07	59.28	9.61	14.30	15.17	39.08	13.03	45.59	13.69	26.72
15-Mar-07	60.44	20.94	18.31	18.68	57.93	19.31	46.69	13.75	33.06
15-Apr-07	63.98	24.44	20.91	21.82	67.18	22.39	52.18	11.80	34.19
15-May-07	63.45	30.85	20.88	24.09	75.83	25.28	53.85	9.60	34.88
15-Jun-07	67.49	24.34	21.10	24.34	69.78	23.26	57.84	9.65	32.91
15-Jul-07	73.86	17.16	15.77	17.16	50.09	16.70	62.39	11.47	28.17
Average	43.15	8.22	9.00	9.99	27.21	9.07	32.55	10.59	19.66

Source: DOE EIA and Haywood Securities

Table 3: Holdings Summary

<i>Hard Asset Value</i>					
<i> Holding </i>	<i> Description </i>	<i> Notes </i>	<i> Valuation Method </i>	<i> Estimated Total Value </i>	<i> Value per Share </i>
Cash					
Estimate for tax-adjusted cash and short-term investments less LTD	Primarily generated from sales of AXU-T shares in the market.	Adjusted for estimated capital gains taxes		\$107,785,703	\$3.73
Royalties					
10% stake in Labrador Nickel Royalty Limited Partnership (LNRLP)	0.3% Net Smelter Return Royalty on the Voiseys Bay Nickel Company (CVRD Inco) project. Applicable to the entire region.	Assumptions for cash flow estimate based on Haywood price assumptions for nickel and copper of \$19 and \$2.75 in 2007 and \$7 and \$1.50 long term.	15.0x CY2008E CF. Compare to Haywood valuation multiple of 15x 2007E for IRC and Royal Gold's trading multiple of 24x	\$52,835,544	\$1.83
2% Gross Sales Royalty on Aurora CMB Uranium project and 2% base metals	Attached to Aurora Energy - below		Pre-feasibility/pre-permitting project with little visibility: value not assigned	N/A	N/A
Public Market Securities					
Aurora Energy (AXU-T) 9.9% equity interest	Central Mineral Belt uranium project in Labrador.	Original stake sold into the market on several occasions throughout 2006. We expect divestment to be ongoing.	<i>Market value of current holdings (~4M shares) plus 2.5 million shares locked into equity forward agreement</i>	\$102,293,088	\$3.54
Rambler Metals and Mining (RAB-V) 12M shares	Consisting of a historic copper-gold project in Newfoundland.	Listed on TSX Venture Exchange February 7th, 2007.	Market Value	\$17,520,000	\$0.61
Paragon Minerals Corporation (PGR-V) 17.4% equity interest	Paragon is a junior gold and base metals exploration company with several projects in Newfoundland.		Market Value	\$2,236,500	\$0.08
Alba Mineral Resources PLC (ALBA-AIM) 1.9% equity interest	Alba is a base-metals exploration company in Europe		Market Value	\$81,938	\$0.00
TOTAL per ALS share					\$9.80
Incremental Value of Refinery Asset					
Private Equity Interests					
37% Equity interest in Newfoundland and Labrador Refining Corporation (NLRC)	Currently in advanced engineering and permitting stage.	Financial Partners with European venture capitalists. Operating group has global experience with world class projects.	Net Present Value post dilution stake at return to equity finance participants of 15% IRR and 66% financial leverage.	\$686,086,994	\$21.26
62% stake in a 1 - 10% Sliding scale royalty on gross refining margins of \$4 - \$20 per barrel	Attached to NLRC	It is undetermined whether this would remain intact post-financing of NLRC. Do not assign to remain conservative.	N/A	N/A	N/A
TOTAL per ALS share					\$31.06

Source: Haywood Securities

Valuation

We estimate a value of Altius cash, marketable securities, and producing assets at approximately \$9.80 per share. We add to this value our estimate of the Company's stake in the NLRC refinery project, with an adjustment for gains tax obligations, to arrive at our \$27 target.

<i>Asset</i>	Value per ALS Share	
	Hard Assets	Including NLRC
NLRC (Oil Refinery Project) Current 37% Equity Interest	N/A	\$21.26
Net Cash (Estimated after tax obligations)	\$3.73	\$3.73
Voisey's Bay 0.3% Net Smelter Royalty		
Valued at 15.0x 2007E CF	\$1.83	\$1.83
2.5 million share Equity Forward on AXU-T	\$1.47	\$1.47
Equity Holdings		
Aurora Interest net of equity forward	\$2.09	\$2.09
Rambler Metals and Mining Interest (RAB-V)	\$0.61	\$0.61
Paragon Interest (PRG-V)	\$0.08	\$0.08
Alba Mineral Resources PLC Interest (ALBA-LN)	\$0.00	\$0.00
Total Value of Holdings	\$9.82	\$31.08
Adjust for potential capital gains	\$9.18	\$27.25

Source: Thompson One and Haywood Securities

NLRC NPV Assumptions

Discount Rate: 15%

Production Profile: 25 years from 2011 to 2035

Capex: \$5 billion

Capital Structure: 2:1 Debt/Equity

Debt Payback: Over 20 years beginning in 2016

Annual EBITDA: \$1.164 billion

Model Output Summary

IRR to Equity Sponsors (Financing Participants)	15.0%
NPV to Founding Partners	
after financing participants NPV 15%	1,504.6 USD(M)
Altius 37% stake at CAD/USD 1.10	612.4 CAD(M)
Per ALS Share	21.26
Post-dilution stake of sub if market cap = 5x 2011E EBITDA	9.6%

Source: Haywood Securities

Note that since we consider Altius an investment holding company that derives value from the market performance of its investments, we assign value to those holdings that we believe will add realizable financial impact in the near term. Therefore, we exclude several projects that may prove accretive in the long run but are either unquantifiable at present and/or in very early development. This includes non-producing royalties, and exploration upside from Voisey' Bay, Rambler and other projects. Therefore, we consider our valuation conservative given the true speculative potential of the Company.

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- n/a

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SECTOR PERFORM – The analyst believes that the security will trade with tight correlation to its underlying sector. Furthermore, the target price (together with any anticipated distributions) is at or above the market price, and forecast risk-adjusted returns are attractive relative to alternative investments.

SECTOR UNDERPERFORM – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to underperform relative to their sector. The category also represents stocks with unattractive forecast returns relative to alternative investments.

The above ratings are determined by the analyst at the time of publication. On occasion, total returns may fall outside of the ranges due to market price movements and/or short term volatility. At the discretion of Haywood’s Management, these deviations may be permitted after careful consideration

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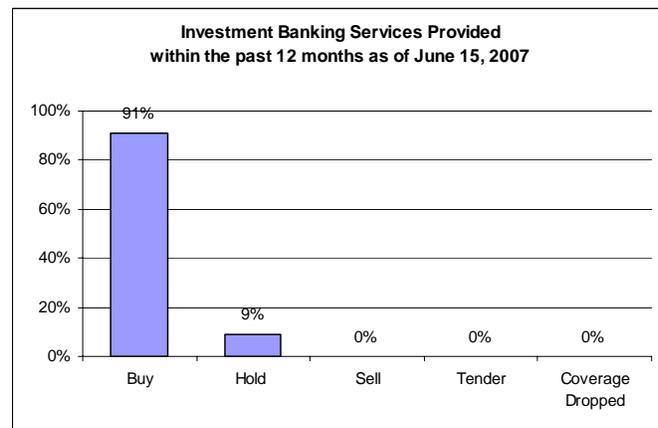
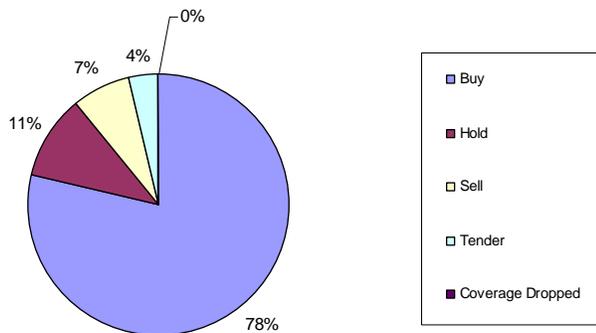
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Rating Distribution March 15 2007 - June 15, 2007



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Risk Profile Parameters – Oil and Gas Sector

Forecast Risk: *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity risk beyond peers. To raise expectations requires higher commodity prices or production that is ahead of guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging practices are in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

Financial Risk: *High* – The capital expenditure program in the current year or the next year of the forecast is not fully funded but requires additional debt and/or equity financing. This categorization does not necessarily predict whether the additional funds will be raised. *Moderate* – The capital expenditure program in the current year or the next year is fully funded with cash flow and limited debt. *Low* – The capital expenditure program in the current year or the next year is fully funded with cash flow and no new debt.

Political Risk: *High* – Properties are located in an area with limited petroleum industry activity or infrastructure. An environment unfriendly to the industry makes obtaining permits to drill or produce hydrocarbons challenging. Significant government or local opposition exists. *Moderate* – Properties are located in an area with minimal petroleum industry activity or infrastructure. An environment friendly to the industry makes obtaining permits relatively straightforward. All levels of government are considered indifferent to hydrocarbon activity. *Low* – Properties are located in an area with established petroleum exploration and development activity. Oil and gas Production Sharing Agreements or Exploration Permits are in hand. Government at all levels supports the sector.

Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects continued production growth and/or continuing strong commodity prices or further appreciation. Where applicable, the market capitalization exceeds the NAV by more than 30%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable production growth and/or commodity price appreciation. Where applicable, the market capitalization exceeds the NAV by 15% to 30%. *Low* – The current valuation is at the low end of historic ranges and/or at a discount to peer valuations. The valuation reflects limited production growth and/or no commodity price appreciation. Where applicable, the market capitalization exceeds the NAV by less than 15% or falls below the capitalization.

Risk Profile Parameters – Mining and Minerals Sector

Forecast Risk: *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

Financial Risk: *High* – The business plan is not fully funded, but requires debt and/or equity financing. The exploration program is funded for two years or less. This categorization does not predict whether the additional funds will be raised. *Moderate* – The development plan is fully funded, with the exploration program funded for three years or more. The Company's debt is rated below investment grade. *Low* – The Company is fully funded. Its debt is rated investment grade and/or the Company has a history of profitability or dividend payments in each of the last three years.

Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects considerable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF evaluation by more than 50%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or

commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.

Political Risk: *High* – Currently no industry activity or infrastructure exists. Government opposition is significant. Obtaining permits is challenging. *Moderate* – Industry activity or infrastructure is minimal. Government at national, regional, and local levels is indifferent. Obtaining permits is relatively straightforward. *Low* – Industry activity and infrastructure exist. Government is supportive. Obtaining permits is facilitated.

Risk Profile Parameters – Technology/Special Situations

Forecast Risk: *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Sales are minimally visible. *Moderate* – Haywood forecasts are generally in line with guidance and sales are moderately visible. The Company has a history of meeting or exceeding guidance. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance and its sales are highly visible.

Financial Risk: *High* – The business plan is not fully funded but requires debt and/or equity financing. This categorization does not necessarily predict whether the additional funds will be raised. Inventory turnover is low, cash flow is weak, and assets are below par. *Moderate* – The business plan is fully funded. Inventory turnover and cash flow are moderate, and assets are reasonably liquid. The Company's debt is rated below investment grade. *Low* – The Company is fully funded with investment grade debt, high inventory turnover, high cash flow, and superior assets.

Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. Where applicable, the DCF valuation is not more than 10% above the current equity valuation. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. Where applicable, the DCF valuation exceeds the current capitalization by more than 10%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. Where applicable, the DCF valuation exceeds the current capitalization by more than 20%.

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- (c) protection of money held on your behalf under the FSA’s Client Money Rules.