Altius Minerals Corporation (ALS–T, C$16.22)

David Beasley (416-507-2710, dbeasley@haywood.com)

June 22, 2007

CAPITAL MARKETS HAYWOOD SECURITIES INC.
MEMBER CIPF

Investment Brief – Altius has evolved from a minerals exploration company into a venture sponsor and holding company with an exceptional track record of creating value for shareholders. The Firm holds numerous equity interests in both public and private minerals companies, as well as a 0.3% net smelter royalty on CVRD Inco's Voisey's Bay nickel-copper-cobalt project. The Company's 37% interest in Newfoundland and Labrador Refining Corporation should see significant events during 2007 and 2008 that would have a considerable impact on the value of Altius shares.

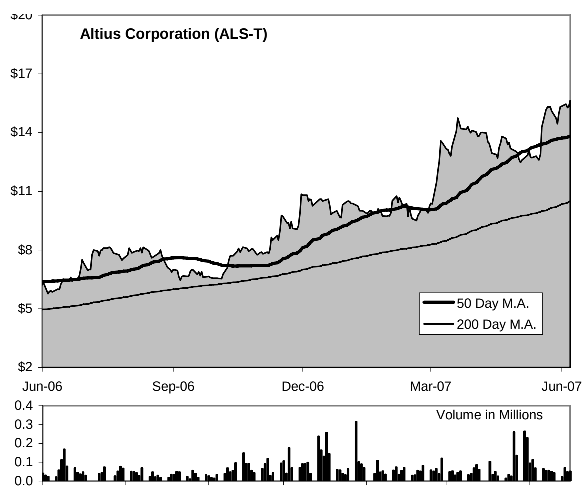
Rating	**SECTOR OUTPERFORM**
Revised Target Price	**C$27.00** *(from $15.00)*
Risk Profile	**SPECULATIVE**

Forecast Risk	**Moderate**
Financial Risk	**Moderate**
Valuation Risk	**High**
Political Risk	**Moderate**

Current Price	$16.22
Return	66.5%
52-Week High / Low	$16.22 / $5.00
Shares O/S	28.9 million
Market Capitalization	$468.8 million
Daily Volume	72,519
Insider Ownership	14.9%

(000)	2005	2006	2007E	2008E
Cash	$39,125	$35,332	$93,153	$91,544
Working Capital	$38,509	$33,903	$74,293	$93,017
Debt	$0	$0	$0	$0
Shareholders' Equity	$22,737	$60,177	$113,842	$115,677

Price Performance



Source: Bloomberg

Speculative Buy Opportunity: With Refinery Project Permitting in Sight, Altius Presents Exceptional Profit Potential in the Near Term

- **Refinery permitting on track. Adding full estimated value of refinery interest to our valuation of Altius, as we believe success is highly likely** With the recent decisions from the federal and provincial governments indicating a straightforward process over the final leg of permitting (see our June 21 note), we now believe the success of the project is highly likely and should be realized later this year. Therefore, we are adding our conservative estimate for the value of Altius' stake in the project and revising our target price upward to $27.
- **Scenario A: Permitting Succeeds – ALS NAV to +$27 by end of 2007** NLRC has locked up the critical technology licences, and its exceptional commercial and project teams have continued to prepare for an early 2008 ground breaking in anticipation of the permit. Therefore, we believe permitting is the only significant barrier to unlocking the value of the refinery project. If and when success arrives, we believe Altius' NAV will rise to at least our base-case estimate of $27 per share.
- **Scenario B: Permitting Fails – Downside limited by hard assets of cash and marketable securities** While we believe failure is unlikely, we consider downside to the stock price to be limited to the Company's hard liquid asset value of $9.60 per share or better given the market's propensity to assign value to early stage exploration projects for which we do not account in our conservative analysis of the Company as a financial entity.

Expectations – We expect to see provincial and federal permitting decisions by the end of 2007. Also, since the Company currently holds excess cash beyond that necessary for investment purposes, we could see a continued share buyback and/or special dividend.

Valuation – Our sum-of-parts valuation sees a hard liquid asset value of $9.58 per share. We calculate an NPV valuation for Altius' 37% equity stake in NLRC of $21 per share, which we adjust down for potential future capital gains taxes. The result provides us with a forecasted NAV for Altius shares of $27.

Catalysts – Strategic partnership agreements either through an equity tie-in and/or term crude agreement with a crude oil producer; permitting decisions between this spring and the end of 2007.

Industry & Company Profile	**Revisions, Date of Record**	**Company Information**
Industrial – Altius is an early stage resource-project equity sponsor and holding company focused primarily on relatively underdeveloped Newfoundland and Labrador.	Rating – SECTOR OUTPERFORM since assuming coverage March 12 , 2007 Target – Target Price raised to $27 June 22, 2007 (from $15.00)	CEO: Brian F. Dalton Web Site: www.altiusminerals.com

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 5 to 9 of this report.

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 72% 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.

Given a downside limited by hard liquid assets of nearly $10 and a potential share price of $27 in the event of permitting success, we believe the current market premium to NAV of $6 is the maximum downside, versus upside of $11 by our conservative estimates. However, in light of our favourable view for the likelihood of permitting success, we believe the shares represent an exceptional speculative buy opportunity and recommend investors take a position in advance of the permitting decision expected later this year.

We rate Altius Minerals Corporation (ALS–T) as SECTOR OUTPERFORM (SPECULATIVE) with a $27 target price, which represents a 66% premium to the closing trading price of $16.22 on June 21. The speculative rating reflects the permitting risk of the refinery project and the commodity price risk of the resource-rich investment portfolio.

Realization of the Refinery Project Value in Sight

We believe that permitting remains the only significant barrier to unlocking the value of the refinery project. As outlined in our initiating coverage report (March 12), we believe the globally experienced management team of NLRC as well as the financial heavyweights that are Altius' venture-capital partners in the project provide a great deal of strength for the proposed project. Furthermore, as we learned from the Company's April 3 update, technology licences appear locked up. Considering these factors, we see execution risk as minimal.

The Company is in ongoing negotiations with major oil producers and refined product marketers, which could produce a term crude agreement that should strengthen the Company's creditworthiness. As the market is currently awash in private equity and pension-fund capital looking for decent returns, project financing at LIBOR + 200 basis points would likely be viewed as an attractive option and allow the refinery to reach its optimal financial leverage of 80%.

We have updated the valuation of the refinery using a transparent net present value (NPV) analysis with the following results. Our leverage assumption is based on the half-way point between our original base case estimate of 50% and the refinery's potentially optimal level of 80%.

NPV Assumptions

EBITDA Estimate	
BPD of throughput	300,000
Production days per year	350
Refining margin (net of op. costs and royalty)	12.00
Total net refining margin	1,260,000,000
Less: SG&A ($320/bpd)	96,000,000
EBITDA	1,164,000,000

Build Assumptions	2008	2009	2010
	Year 1	Year 2	Year 3
Distribution of CAPEX	20%	60%	20%
CAPEX (USD M)	5,000.0		
Maint. CAPEX as % of Build	2.0%		
Years of Production	25		

Capital Structure	
Debt Level	65%
Cost of Debt	7.3%
Tax Rate	35%
Inflation	2%
Cost of Equity	15%
WACC	8.3%
Debt Principal Repayment:	over 20 years beginning in fifth year of production

Source: Haywood Securities

Model Summary (up to fifth year of production displayed)

NLRC NPV Analysis

Estimated Free Cash Flows (Millions of USD)

Fiscal years ending December 31st

	2008	2009	2010	2011	2012	2013	2014	2015
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
EBITDA	0.0	0.0	0.0	1,164.0	1,187.3	1,211.0	1,235.2	1,260.0
Depreciation	0.0	0.0	0.0	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)
EBIT	0.0	0.0	0.0	964.0	987.3	1,011.0	1,035.2	1,060.0
Income taxes @ 35%	0.0	0.0	0.0	(337.4)	(345.5)	(353.9)	(362.3)	(371.0)
EBI after Taxes	0.0	0.0	0.0	626.6	641.7	657.2	672.9	689.0
Depreciation	0.0	0.0	0.0	200.0	200.0	200.0	200.0	200.0
CAPEX	(1,000.0)	(3,000.0)	(1,000.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Free Cash Flow	(1,000.0)	(3,000.0)	(1,000.0)	726.6	741.7	757.2	772.9	789.0
Debt Flows - Inflow(Repayment)	650.0	1,950.0	650.0	0.0	0.0	0.0	0.0	(162.5)
Ending Debt Principal Balance	650.0	2,600.0	3,250.0	3,250.0	3,250.0	3,250.0	3,250.0	3,087.5
Interest expense	(47.5)	(118.6)	(213.5)	(237.3)	(237.3)	(237.3)	(237.3)	(231.3)
Interest tax shield	16.6	41.5	74.7	83.0	83.0	83.0	83.0	81.0
Free Cash to Equity	(380.8)	(1,127.1)	(488.8)	572.4	587.5	603.0	618.7	476.1

IRR to Equity Sponsors (Financing Participants)	15.0%	
NPV to Founding Partners		
after financing particpants NPV 15%	1,504.6	USD(M)
Altius 37% stake at CAD/USD 1.10	612.4	CAD(M)
Per ALS Share	21.26	

Source: Haywood Securities

Therefore, our base-case scenario provides $21 per Altius share for the equity stake in the refinery. We believe the refinery royalty may not remain fully intact through the financing of the project as both debt and especially equity participants would likely oppose the structure. As such we have excluded it from our valuation.

Valuation

We estimate a value of Altius cash, marketable securities, and producing assets of over $9.50 per share. We add to this value our estimate of the Company's stake in the NLRC refinery project, with an adjustment for further potential gains obligations, to arrive at our $27 target.

Valuation Summary

Asset	Value per ALS Share Hard Assets	Value per ALS Share Including NLRC
NLRC (Oil Refinery Project) Current 37% Equity Interest	N/A	$21.26
Net Cash (Estimated after tax obligations)	$3.03	$3.03
Voisey's Bay 0.3% Net Smelter Royalty		
Valued at 15.0x 2007E CF	$1.81	$1.81
2.5 million share Equity Forward on AXU-T	$1.47	$1.47
Equity Holdings		
Aurora Interest net of equity forward	$2.54	$2.54
Rambler Metals and Mining Interest (RAB-V)	$0.64	$0.64
Paragon Interest (PRG-V)	$0.08	$0.08
Alba Mineral Resources PLC Interest (ALBA-LN)	$0.00	$0.00
Total Value of Holdings	$9.58	$30.84
Adjust for potential capital gains	$8.87	$26.94

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. Thus, we consider our valuation conservative given the true speculative potential of the Company.

Distribution

This report may only be distributed to non-institutional US clients in the following states: Alaska, Arkansas, Arizona, Colorado, District of Columbia, Delaware, Florida, Georgia, Guam, Hawaii, Iowa, Idaho, Kansas, Louisiana, Massachusetts, Maryland, Maine, Missouri, Mississippi, Montana, North Carolina, Nebraska, New Jersey, Nevada, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Virgin Islands, Vermont, Washington and Wyoming.

Analyst Certification

I, David Beasley, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

This report is prepared by Haywood Securities Inc. for use by Haywood Securities Inc., Haywood Securities (USA) Inc. and Haywood Securities (UK) Limited and their clients. Haywood Securities Inc. is a Canadian broker-dealer and a member of the Toronto Stock Exchange and the Canadian Venture Exchange. Haywood Securities (USA) Inc. is a wholly owned subsidiary of Haywood Securities Inc., registered with the U.S. Securities and Exchange Commission, and is a member of the National Association of Securities Dealers (NASD) and the Securities Investor Protection Corporation (SIPC).

Haywood Securities, Inc., and Haywood Securities (USA) Inc. do have officers in common however, none of those common officers affect or control the ratings given a specific issuer or which issuer will be the subject of Research coverage. In addition, the firm does maintain and enforce written policies and procedures reasonably designed to prevent influence on the activities of affiliated analysts.

Haywood analysts are salaried employees who may receive a performance bonus that may be derived, in part, from corporate finance income.

Of the companies included in the report the following Important Disclosures apply:

- The Analyst(s) preparing this report (or a member of the Analysts' households) have a financial interest in Altius Minerals Corporation (ALS-T).
- As of the end of the month immediately preceding this publication either Haywood Securities, Inc., its officers or directors beneficially owned 1% or more of Altius Minerals Corporation (ALS-T).

Other material conflict of interest of the research analyst of which the research analyst or member knows or has reason to know at the time of publication or at the time of public appearance:

- n/a

Rating Structure *

Each company within analyst's universe, or group of companies covered, is assigned a rating to represent how the analyst feels the stock will perform in comparison with the other companies, in that specific sector, over the upcoming 12 month period.

SECTOR OUTPERFORM – Haywood's top rating category. The analyst believes that the security will outperform its sector. Furthermore, the shares are forecast to provide attractive returns measured against alternative investments when considering risk profiles. The rating carries a minimum total return threshold of 15% for equities and 12% for trusts. The rating applies to companies that have tangible underlying assets that give a measure of support to the market valuation. The rating category considers both the absolute and relative values in assigning the highest rating on the security.

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

Other Ratings

TENDER – The analyst is recommending that investors tender to a specific offering for the company's stock.

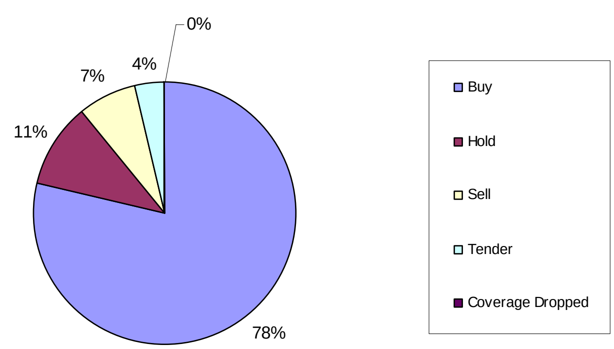
RESEARCH COMMENT – An analyst comment about an issuer event that does not include a rating or recommendation.

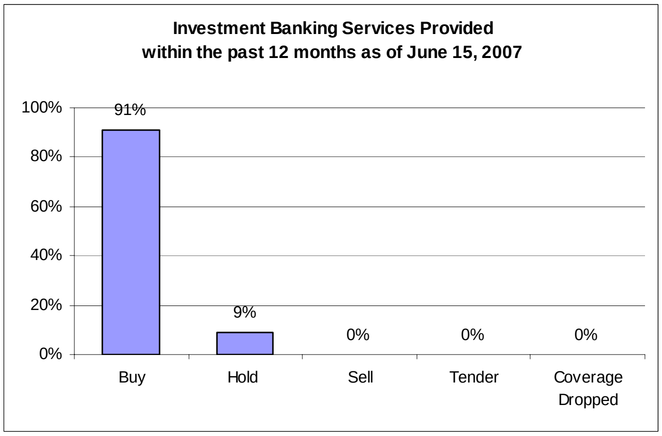
UNDER REVIEW – Placing a stock Under Review does not revise the current rating or recommendation of the analyst. A stock will be placed Under Review when the relevant company has a significant material event with further information pending or to be announced. An analyst will place a stock Under Review while he/she awaits sufficient information to re-evaluation the company's financial situation.

COVERAGE DROPPED – Haywood Securities will no longer cover the issuer. Haywood will provide notice to clients whenever coverage of an issuer is discontinued.

** Haywood's current rating structure (outlined above) does not correlate to the 3-tiered BUY, HOLD, SELL structure required by the NASD and NYSE. Our ratings of Sector Outperform, Sector Perform and Sector Underperform most closely correspond to Buy, Hold/Neutral and Sell respectively however, as described above, our assigned ratings take into account the relevant sector.*

Rating Distribution March 15 2007 - June 15, 2007





Haywood's focus is to search for undervalued companies which analysts believe may achieve attractive risk-adjusted returns. This research coverage on potentially undervalued companies may result in an outweighed percentage of companies rated as Sector Outperform. Management regularly reviews rating and targets in all sectors to ensure fairness and accuracy.

For further information on Haywood Securities' research dissemination policies, please visit:
http://www.haywood.com/research_dissemination.asp

Risk Profile Parameters

SPECULATIVE: – Investment for risk accounts only. Companies within this category carry greater financial and/or execution risk. All junior/venture companies that carry great financial and/or liquidity risk will be tagged "SPECULATIVE". A stock indicating a SPECULATIVE risk is determined from sector specific criteria outlined below listed below.

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%.

Disclaimers

Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable. The information presented, while obtained from sources we believe reliable, is checked but not guaranteed against errors or omissions.

Haywood Securities Inc., its subsidiaries and their respective officers, directors, and employees may hold positions in the securities mentioned and may purchase and/or sell them from time to time.

Haywood Securities, or certain of its affiliated companies, may from time to time receive a portion of commissions or other fees derived from the trading or financings conducted by other affiliated companies in the covered security.

This report is neither a solicitation for the purchase of securities nor an offer of securities. Our ratings are intended only for clients of Haywood Securities Inc. Haywood Securities (USA) Inc., and those of Haywood Securities (UK) Limited and such clients are cautioned to consult the respective firm prior to purchasing or selling any security recommended or views contained in this report. Haywood Securities (UK) Limited ("HSUK") is a wholly owned subsidiary of Haywood Securities Inc. authorized and regulated in the UK by the Financial Services Authority as a stock broker and investment adviser and is a member of the London Stock Exchange.

This report has been approved by HSUK for the purposes of section 21 of the UK's Financial Services and Markets Act 2000.If you wish to contact HSUK please email D. Kim Gorius at kgorius@haywood.com.

If you are a UK resident private customer your attention is drawn to the risk warnings set out below:

Haywood Securities Inc or its subsidiaries or respective officers, directors or employees have or may have a material interest in the securities to which this report relates.

Past performance should not be seen as an indication of future performance. The investments to which this report relates can fluctuate in value and accordingly you are not certain to make a profit on any investment: you could make a loss.

Changes in the rates of exchange between currencies may cause the value of your investment to fluctuate.

If you are a UK resident private customer and you propose to do business with Haywood Securities Inc, please take note of the following:

Any investment services undertaken on your behalf by Haywood Securities Inc are not covered by the rules and regulations made for the protection of private investors in the UK. This means that you will not have the benefit of rights designed to protect investors under the Financial Services and Markets Act 2000 and under the rules of the Financial Services Authority ("FSA").In particular, you will not benefit from the following UK protections:

(a) the right to claim through the UK's Financial Services Compensation Scheme for losses resulting in the unlikely event of our default;
(b) in the event of a dispute, access to the UK's Financial Ombudsman Service;
(c) protection of money held on your behalf under the FSA's Client Money Rules.