

Altius Minerals Corporation (ALS-T, C\$10.04)David Beasley (416-507-2710, dbeasley@haywood.com)

March 12, 2007

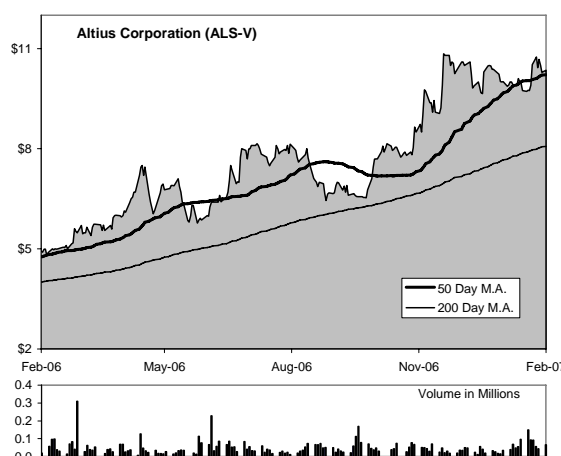
Investment Brief – Over the past ten years Altius has evolved from a minerals exploration company into a venture sponsor and holding company with an exceptional track record of creating value for shareholders. The Firm holds numerous equity interests in both public and private minerals companies, as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

Rating	SECTOR OUTPERFORM
Target Price	C\$15.00
Risk Profile	SPECULATIVE

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

Current Price	\$10.04
Return	52%
52-Week High / Low	\$11.00 / \$4.78
Shares O/S	28.8 million
Market Capitalization	\$288.9 million
Daily Volume	50,152
Insider Ownership	8.8%

April Year-end	2005	2006	2007E	2008E
Revenue ('000)	\$183.7	\$327.0	\$3,303.1	\$2,942.2
Earnings incl. Gains ('000)	\$3,546.2	\$32,471.7	\$21,052.2	\$1,759.5
EPS (F/D)	\$0.13	\$1.08	\$0.70	\$0.06

Price Performance

Source: Bloomberg

Altius Minerals Corp. (ALS-T) was formerly covered by Haywood with a Sector Outperform rating and \$15.00 12-month target.

Attractive Risk Reward Proposition: Exceptional Upside Potential Backstopped by Liquid Assets

- **Altius is trading near its net asset value with potential for significant upside from current investments**

We estimate a conservative tangible NAV of over \$8 (including over \$7 cash and securities) underpinning the additional upside potential for over \$20 in value accretion from a fully permitted refinery project in addition to a full project pipeline.

- **Refinery subsidiary likely to be a significant value creator in 2007**

Most of this report focuses on the potential valuation impact of Altius' 37% stake in Newfoundland and Labrador Refining Corporation (NLRC), which should see greater realization of its value in 2007, as permitting decisions are expected. A strategic partnership agreement is also a possibility. We estimate the potential of this valuation impact at nearly \$24 per share.

- **Interests in developing entities and early stage incubator projects fill the pipeline for future value creation**

Rambler Metals and Mining (RAB-V/RMM-AIM, 30% equity stake ~ \$0.62 per ALS share) has continued its drilling program and is in the process of dewatering for mine development, while Paragon Minerals (PRG-V, 17.5%, \$0.09) is in the midst of drilling on numerous targets. Altius also currently has interests in numerous early stage minerals projects and continues to seek partners for development as the Company applies its venture sponsorship model. While 2007/2008 has a full docket of value-creating projects, over 20 potential projects remain in the pipeline as a source of future.

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 share buyback and/or special dividend.

Valuation – Our sum-of-parts valuation sees a combined NAV of \$8.44 per share without factoring in the upside potential of the Firm's numerous minerals projects. We derive a valuation for Altius' 37% stake in NLRC of \$23.82 per Altius share, which we adjust to a present-day expected value of \$9.53. This provides us with a combined NAV for Altius shares of \$17.97, which we discount by 20% to arrive at our \$15 target price.

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

Industrial – Altius is an early stage resource-project equity sponsor and holding company focused primarily on relatively underdeveloped Newfoundland and Labrador.

Revisions, Date of Record

Rating – SECTOR OUTPERFORM since assuming coverage
March 12, 2007
Target – Target Price \$15 since assuming coverage on
March 12, 2007.

Company Information

CEO: Brian F. Dalton
Web Site: www.altiusminerals.com

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 31-34 of this report.

Investment Thesis

Over the past several years, investors have observed Altius Minerals (ALS-T) evolve from a junior minerals exploration Company into an early stage venture sponsor with an exceptional track record of creating return on investment for shareholders. Focusing on the expansive, but relatively underdeveloped resource-rich Newfoundland and Labrador region, management uses a joint-venture investment model. The model provides a hedge to the downside risk of losing seed capital, while maintaining participation in the upside potential of a project with minimal dilution of Altius stock. A prevailing theme of the Firm's investment philosophy has been to look for opportunities in sectors where years of oversupply have led to a period of underinvestment culminating in tightening market conditions and expanding the value of associated projects. Such has been the case with both uranium and oil refining, two of Altius' most meaningful investments.

Highlights of the Company's investment history illustrate the success of this model. Our valuation for the Company's 0.3% NSR on the Voisey's Bay nickel deposit shows that the investment has more than doubled thus far and has provided an internal rate of return (IRR) of over 25% since 2003. The Rambler project (RAB-V) has returned almost 20 times its initial investment on Altius' 2001 purchase for stock and cash commitments of around \$700,000 and has earned an IRR of approximately 90% based on the current market value of the Company's 30% equity interest. The banner win for the group, however, has been its investment in the Central Mineral Belt Uranium Project, which became the public market entity Aurora Energy (AXU-T). Altius' initial investment has brought a 300-fold return and an IRR of over 200% over 5 years. In aggregate, these projects required investments in the order of \$15 million and have thus far contributed approximately \$250 million in value, taking Altius' share price from under \$2 in 2003 to around \$10 currently.

With almost \$8.50 per share in financial assets in our conservative assessment (supported by more than \$7 in cash and marketable securities), the Company is trading at just 1.2x its net asset value (NAV) despite considerable upside potential from its current project portfolio. **Our valuation for Altius shares offsets a potential downside of 25% in the worst case with upside of 50% in our base case, and over 160% in our optimistic case.** This upside, which excludes numerous early stage investments and royalties, is driven by the valuation potential of the Company's private equity stake in the Newfoundland and Labrador Refining Corporation (NLRC). Amidst exceptional market dynamics, a world-class project team, renowned financial partners, and a completed positive feasibility study, the project has the potential to create more value for holders of Altius shares than all prior projects combined. The bulk of this report focuses on the valuation of this asset and its potential impact on the value of Altius shares.

Haywood Securities initially launched coverage of Altius Minerals Corporation (ALS-T) in July 2006. We are assuming coverage with a SECTOR OUTPERFORM (SPECULATIVE) rating and \$15 target price, which represents a 50% premium to the last trading price of \$10.04 on March 9th, 2007. The speculative rating reflects the permitting and execution risk of the refinery project and the commodity price risk of the all-resource investment portfolio.

Valuation

We estimate a minimum net asset value (NAV) for Altius of \$8.44 per share, supported by more than \$7 in tax-adjusted cash and marketable securities. While the valuation could rise on the potential impact of any of the Company's several project investments, the highest potential near-term impact is the Company's 37% equity stake in the Newfoundland and Labrador Refining Corporation (NLRC). The project has been proven feasible on an economic and engineering basis, but awaits the outcome of the permitting process. Our valuation centres around the potential value of this project, which we believe—through discussions with the project team and management, as well as through industry research—has a high probability of execution success. Thus, we suggest that investors take an expected-value approach to estimate the present-day value of the proposed project in light of the probability of permitting success.

Our valuation is based on the current market prices of Altius holdings plus our expected value (base case) of the refinery asset. While our discounted cash-flow valuation for the refinery derives a potential contribution to the Altius share price of \$23.82, we reduce this impact to account for permitting risk to 40% (80% for provincial permitting success, 50% for federal). This estimate gives us a value of the asset of \$9.53 per ALS share, which we further discount by 20% along with Altius' other non-cash financial assets to arrive at our \$15 price target. Note that this base case represents one scenario among many possibilities depending on an investor's outlook for the probability of permitting success of the project.

Thus, our base-case expected value of \$15 (target price) consists of cash plus 80% of the value of the Company's marketable assets and 40% of the estimated value of its equity stake in NLRC. We feel this valuation is conservative, as we exclude several potentially lucrative holdings, such as the Company's 2% gross sales royalty on Aurora Energy's central mineral belt project, as well as the sliding-scale gross refining margin on the NLRC project.

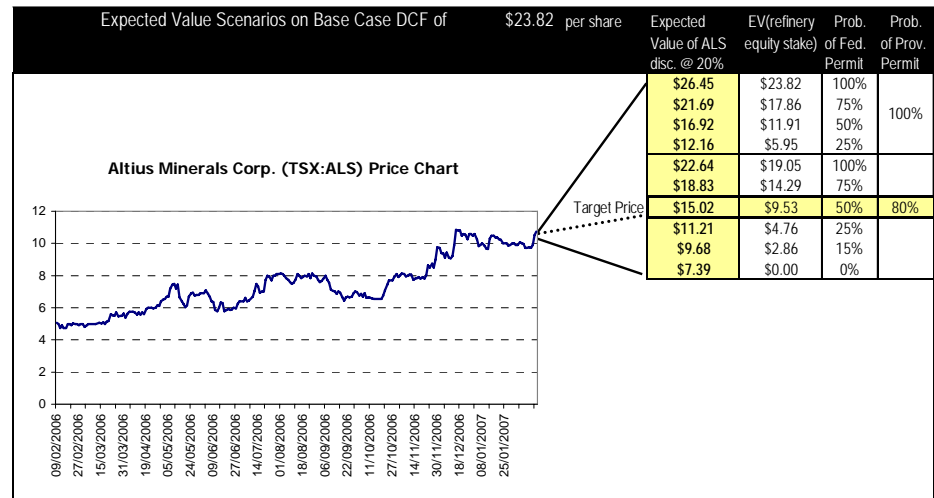
Our optimistic case of \$26.45 per Altius share assumes successful permitting, but still excludes the upside potential of the additional assets. Note that with permitting approval expected by year-end, Altius shares could realize this value during 2007.

In our worst-case scenario, we assume a 20% discount to the current NAV of \$8.44, which provides what we estimate to be the minimum realizable, taxes-paid, cash-in-hand liquidation value per Altius share of \$7.40.

In addition to these valuation cases, we believe we could see further value created from the Company's many other portfolio investments over time as drilling programs progress on the minerals projects and as management's track record has demonstrated.

Our DCF model values Altius' stake in the NLRC refinery project at \$23.82. The following chart demonstrates the potential valuation of Altius shares under various probability-weighted scenarios with respect to provincial and federal permitting.

Probability-weighted Expected Value Scenarios of Altius Shares



Source: Haywood Securities and Capital IQ

Valuation Summary

Asset	Value per ALS Share		
	Low Case	Base Case	High Case
Refinery Equity Interest	N/A	\$9.53	\$23.82
Net Cash Estimated after tax obligations	\$3.23	\$3.23	\$3.23
Voisey's Bay 0.3% Net Smelter Royalty Valued at 15.0x 2007E CF	\$1.08	\$1.08	\$1.08
Equity Holdings			
Aurora - 9.9% Interest	\$3.41	\$3.41	\$3.41
Rambler - 30% Interest	\$0.62	\$0.62	\$0.62
Paragon - 17.4% Interest	\$0.09	\$0.09	\$0.09
Alba Mineral Resources PLC - 1.9% Interest	\$0.01	\$0.01	\$0.01
Total Value of Holdings	\$8.44	\$17.97	\$32.26
Total (20% discount on non cash holdings)	\$7.40	\$15.02	\$26.45
Excluded from Valuation:			
62% of Royalty on NLRC gross refining margin (1 -10% on margins of \$4 - \$20)			
Aurora (AXU-T) 2% Gross Sales Royalty			
Portfolio of 20+ undeveloped minerals exploration projects			

Source: Haywood Securities

Valuation – Summary of Significant Holdings

Holding	Description	Notes	Valuation Method	Estimated Total Value	Value per ALS shares
Cash					
Estimate for tax-adjusted cash and short-term investments	Primarily generated from sales of AXU-T shares in the market.	Adjusted for estimated capital gains taxes		\$93,153,345	\$3.23
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.	Discounted cash flow estimate. Expected value based on a 40% probability of permitting	\$341,417,731	\$9.53
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 \$13.50 and \$2.75 in 2007 and \$4 and \$1.50 long term.	15.0x 2007 - 2011 average CF. Compare to Haywood valuation multiple of 17.8x 2007E for IRC and Royal Gold's trading multiple of 32.3x	\$31,230,613	\$1.08
62% stake in a 1 - 10% Sliding scale royalty on gross refining margins of \$4 - \$20 per barrel	Attached to NLRC - above		Not assigned	\$0	\$0.00
2% Gross Sales Royalty on Aurora CMB Uranium project and 2% base metals	Attached to Aurora Energy - below		Not assigned	\$0	\$0.00
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.	Market Value	\$98,136,269	\$3.41
Rambler Metals and Mining (RAB-V) 30% equity interest	Consisting of a historic copper-gold project in Newfoundland.	Listed on TSX Venture Exchange February 7th, 2007.	Market Value	\$17,880,000	\$0.62
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	\$2,556,000	\$0.09
Alba Mineral Resources PLC (ALBA-AIM) 1.9% equity interest	Alba is a base-metals exploration company in Europe		Market Value	\$171,000	\$0.01
TOTAL per ALS share					\$17.97



Source: Haywood Securities

**Primary Potential Value Creator for 2007:
 Newfoundland and Labrador Refining Corporation (NLRC)**

The Project

Altius' 37% owned subsidiary, Newfoundland and Labrador Refining Corporation (NLRC) has proposed to build a high-complexity 300,000 barrel per day (bpd) refinery in Placentia Bay, Newfoundland, with the potential to expand to 600,000 bpd. On December 15, 2006, Altius announced NLRC had completed its study confirming economic feasibility at an IRR hurdle rate of 15% without use of financial leverage. We believe this base case included conservative assumptions for WTI crude oil of around \$40 per barrel. The refinery is expected to utilize discounted heavy sour crude while processing premium value diesel and jet fuels, maximizing the gross refining margin.

With financial feasibility confirmed, the next hurdle is permitting approval which we expect to see over the course of 2007.

Estimated Project Timeline

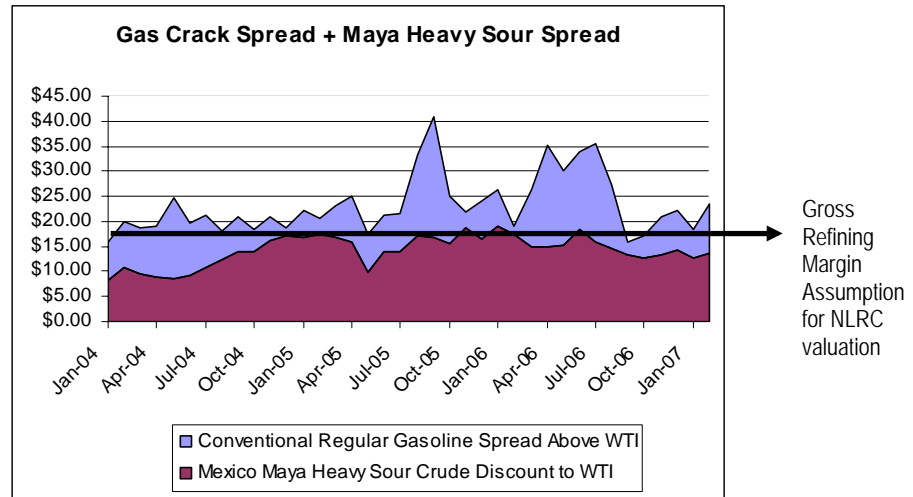
Sept 2006	Dec 2006	Autumn 2007	2008	
Submitted permitting application	Announced feasibility and provincial permitting route	Expected provincial permitting decision *Catalyst	Expected federal permitting decision *Catalyst	Construction to begin NLRC IPO likely in the spring

NLRC Valuation

While we expect Altius' 37% stake in the refinery subsidiary eventually to be diluted to around 10%, we believe that position could provide nearly \$24 to the value of Altius shares. In our valuation, we model a discounted cash-flow analysis from a pro forma EBITDA estimate based on refining margins at the lower end of what may be achieved by the proposed high complexity refinery. Altius also holds 62.5% of a gross refining margin royalty based on a sliding scale of 1% to 10% on margins per barrel of \$4 to \$20, but we have excluded it from our valuation to remain conservative.

Our DCF model assumes a base-case scenario for gross refining margin of \$17 per barrel. The gross refining margin equals the product crack spread (for example the price of gasoline or diesel per barrel produced minus the price of WTI benchmark crude feedstock) plus the heavy sour crude spread (that is, the discount that a heavy sour crude sells to the price of the WTI benchmark). Essentially, for this scenario we are assuming that a weighted average barrel of refined product less the cost of a barrel of feedstock is at least \$17. An examination of historical spreads of NYMEX spot prices from January 2004 to February 2007, over which time WTI averaged near \$55 per barrel, shows an average crack spread for New York Harbour (NYH) conventional gasoline of

\$9.11 and for NYH No. 2 low sulphur diesel of \$12.17 while the heavy sour spread between WTI and Mexico Maya averaged \$14.16 over the same period¹.



Source: U.S. Department of Energy, Energy Information Administration and Haywood Securities

These average spreads would represent gross refining margins of \$23.27 and \$26.33 respectively if the refinery had a conversion rate of 100% where one barrel of Mexico Maya crude yields one barrel of gasoline or distillate product.

Average Spot Prices per barrel 01/04 -02/07			
NYH No. 2 Low Sulphur Diesel	\$66.93	Average Diesel Crack Spread	\$12.17
West Texas Intermediate Crude	\$54.77		
Mexico Maya Crude	\$40.61	Avg. WTI-Maya Spread	\$14.16
Diesel - Maya Spread = \$26.33			
NYH Conventional Gasoline	\$63.88	Average Gas Crack Spread	\$9.11
West Texas Intermediate Crude	\$54.77		
Mexico Maya Crude	\$40.61	Avg. WTI-Maya Spread	\$14.16
Gas - Maya Spread = \$23.27			

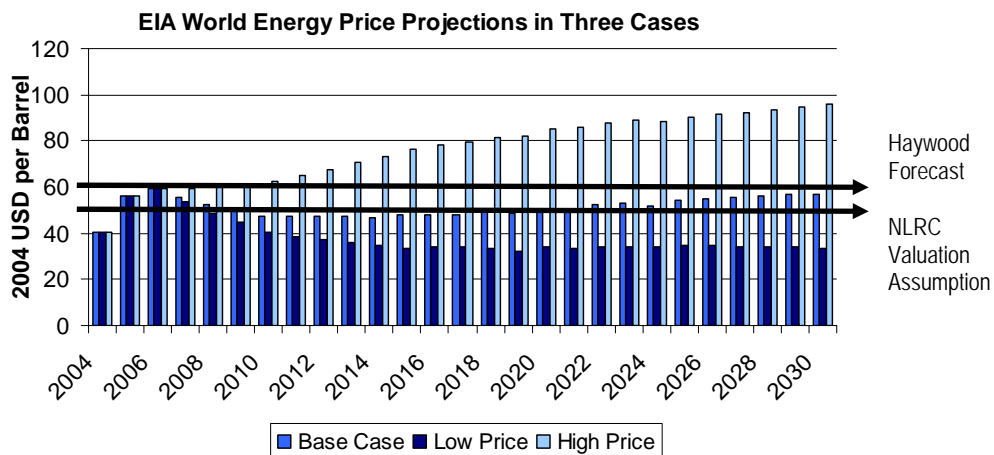
Source: U.S. Department of Energy, Energy Information Administration and Haywood Securities

These prices demonstrate the potential heavy sour supply demand gap that a high complexity refiner may be able to exploit. For our base case however, we consider a more conservative scenario. We use the week ended January 19, 2007, as a reference point when the average WTI crude price was at a recent low of \$51.45 per barrel. The differential corresponding to this period was \$17.28 per barrel between Maya heavy crude (spread of \$12.34 below WTI) and U.S. Northeast conventional gasoline (\$4.98 per barrel above WTI)². However, the proposed refinery would be geared to maximize production of high-value distillates, such as low sulphur diesel that carried a premium of \$13 per barrel to WTI in the same period and thus over \$25 per barrel to Maya crude. Therefore, the NLRC refinery, which is expected to process heavy feedstock from Africa and South America and maximize yield of high value distillates, should be

¹ U.S. Department of Energy Energy, Information Administration

² Valero Energy (data source Platts)

expected to realize average margins at or above this base-case assumption. The implied WTI price represents a discount to Haywood's long-term assumption of \$60 per barrel, and lies in the middle of the range of the U.S. Energy Information Administration's estimate for the price of oil through 2030.



Source: Energy Information Administration and Haywood Securities

To approximate a pro forma EBITDA for NLRC, we assume operating costs of about \$5 per barrel for a net margin of \$12. This corresponds to Tesoro Corporation's most complex refinery which used heavy crude for up to 98% of its feedstock while gasoline and distillates made up over 82% of its production. Net margins for this refinery were \$14 in 2006 and \$12 in 2005.

Refining Margins for Tesoro Corporation Refineries and Pro Forma NLRC Proposed Refinery

Refinery	2005						
	% Light Feedstock	% Heavy Feedstock	Gas and Distillate Yield	Gas and Distillate/% Heavy Crude Feedstock	Gross Refining Margin/bbl	Operating Costs/bbl	Net Operating Margins/bbl
Tesoro by Region							
California	3.8%	96.2%	82.1%	0.85	\$17.88	\$5.56	\$12.32
Pacific Northwest	47.9%	52.1%	73.9%	1.42	\$9.68	\$2.74	\$6.94
Mid-Pacific (Hawaii)	64.3%	35.7%	69.0%	1.93	\$6.25	\$1.85	\$4.40
Mid-Continent	100.0%	0.0%	89.7%	N/A	\$10.10	\$2.73	\$7.37
Tesoro Total	48.0%	52.0%	79.1%	1.52	\$11.81	\$3.48	\$8.33
<i>Pro Forma NLRC</i>					\$17.00	\$5.00	\$12.00
Average WTI Crude Spot Price (2005): \$56.49							
Refinery	2006						
	% Light Feedstock	% Heavy Feedstock	Gas and Distillate Yield	Gas and Distillate/% Heavy Crude Feedstock	Gross Refining Margin/bbl	Operating Costs/bbl	Net Operating Margins/bbl
Tesoro by Region							
California	1.9%	98.1%	82.9%	0.84	\$19.51	\$5.57	\$13.94
Pacific Northwest	50.0%	50.0%	72.7%	1.45	\$11.61	\$2.88	\$8.73
Mid-Pacific (Hawaii)	68.2%	31.8%	68.6%	2.16	\$6.59	\$1.84	\$4.75
Mid-Continent	100.0%	0.0%	90.5%	N/A	\$14.16	\$2.96	\$11.20
Tesoro Total	48.9%	51.1%	79.1%	1.55	\$13.82	\$3.57	\$10.25
<i>Pro Forma NLRC</i>					\$17.00	\$5.00	\$12.00
Average WTI Crude Spot Price (2006): \$66.02							

Source: Company reports and Haywood Securities

The table below is a summary of the consolidated operating statistics of the other public independent refineries. Each processes a mix of crude stock which includes an average of just 43% heavy and/or sour. For the group, this medium average complexity resulted in an average net margin of \$9.50 per barrel in 2006. Given the feasibility specifications of the proposed state of the art NLRC refinery to emphasize heavy sour feedstock and maximize the yield of high-value distillates, we would expect it to perform well above this average and at or above the performance of the high complexity refinery noted above.

	2006 Operating Statistics											
	Holly Corporation (NYSE-HOC)		Western Refining Company (NYSE-WNR)		Frontier Oil (NYSE-FTO)		Tesoro Corporation (NYSE-TSO)		Valero Energy VLO (NYSE- VLO)		Sunoco Inc. (NYSE-SUN)	
Throughput Capacity	109,000		124,000		162,000		563,000		3,260,000		900,000	
Crude processed (bpd)	96,570		113,183		154,473		511,000		2,651,000		840,600	
Production (bpd)	105,730		124,988		166,774		549,000		2,961,000		946,700	
Crude Quality	Sour crude	61%	Sour crude	10%	Heavy and med.	67%	Heavy crude	49%	Heavy sour	26%		
	Sweet crude	28%	Sweet crude	79%	Light crude	23%	Light crude	47%	Med./light sour	23%		
	Blends and other	11%	Blends and other	11%	Blends and other	10%	Blends and other	4%	Sweet	33%		
Product Breakdown	Gasoline	61%	Gasoline	54%	Gasoline	49%	Gasoline	45%	Gasoline	48%	Gasoline	46%
	Diesel Fuel	28%	Diesel and Jet	39%	Diesel and Jet	35%	Diesel	22%	Distillates (Diesel/Jet)	32%	Distillates (Diesel/Jet)	32%
	Jet Fuel	3%	Residuum&Other	7%	Asphalt	4%	Jet	12%	Other	20%	Other	22%
	LPG and other	6%			Other	13%	Heavy & other	21%				
	Asphalt	2%										
Gross Margins	\$15.78		\$11.78		\$14.47		\$13.82		\$12.29		\$9.09	
Operating Costs	\$4.83		\$3.75		\$4.41		\$3.57		\$3.50			
Net Operating Margins	\$10.95		\$8.03		\$10.06		\$10.25		\$8.79		\$9.09	
SG&A costs per barrel of capacity*	\$580.32		\$281.23		\$324.00		\$312.61		\$183.44		978.89**	

*may include costs for retail and other segments for some refinery companies

**Refining and Supply is 46% of Sunoco's revenue thus G&A figure is skewed from other segments.

Note: Giant Industries (NYSE-GI) excluded as 10K Report breakdown was inconsistent with the group

Source: Company 10K and Haywood Securities

We round out our EBITDA estimate with an approximation for general and administrative expenses of \$320 per bpd of capacity which is the median of the group while the one pure-play refiner in the group incurs SG&A expenses of \$280 per bpd of capacity.

NLRC Discounted Cash-Flow Analysis

Given 300,000 bpd capacity and 350 production days a year, we estimate annual EBITDA of around US\$1.164 billion beginning in 2011, increasing at a 2% rate of inflation. We assume that financing for the estimated \$4.85 billion cost of the refinery (adding 5% cost overrun allowance) would be 50% debt and 50% equity. We apply a required IRR for equity investors of 15.8%, which is the cost of equity for refineries which have an average beta of 1.75, and discount the operating cash flows at a forecasted weighted average cost of capital (WACC) of 10.8%. The terminal growth of 3.5% is based on an estimated long-run growth in consumption of 1.5% plus 2% inflation. Finally, we set maintenance capital expenditures equal to depreciation, and assume cash taxes at a rate of 35%.

NLRC Discounted Cash Flow Analysis						
US\$M						
Estimated Free Cash Flows						
Fiscal years ending December 31st						
	2011	2012	2013	2014	2015	2016
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
EBITDA	1,164.0	1,187.3	1,211.0	1,235.2	1,260.0	1,285.2
Depreciation	(161.0)	(161.0)	(161.0)	(161.0)	(161.0)	(161.0)
EBIT	1,003.0	1,026.3	1,050.0	1,074.2	1,099.0	1,124.2
Income taxes @ 35%	(351.1)	(359.2)	(367.5)	(376.0)	(384.6)	(393.5)
EBI after Taxes	652.0	667.1	682.5	698.3	714.3	730.7
Depreciation	161.0	161.0	161.0	161.0	161.0	161.0
Capital expenditures	(161.0)	(161.0)	(161.0)	(161.0)	(161.0)	(161.0)
Free cash flow	652	667	683	698	714	731
PV of Cash Flows @ 2007	589	544	502	464	429	396
	2,923					
PV or Terminal Value						10,417
Total EV at 2011	8,565					
Less Debt	(2,415)					
Equity at 2011	6,150					
Proportion to Equity Finance Participants (\$2.415Bln) @ IRR of 15.8%	3,750					
Equity Stake of Partners	2,400					
At 2007	1,595					
ALS 37% (CAD/USD = 1.16)	686					
Per ALS Share	23.82					

Inputs	
IRR for Equity holders = Refinery Ke	
Ke = avg. beta(MRP) + Rf	
Ke = 1.75 x (6%) + 5.3% =	15.8%
WACC(Ke = 16%, Kd = 8.8%, D/E=1.0) =	10.8%
Growth rate = Inflation + Consumption Growth	3.50%

Source: Haywood Securities

The model returns an equity value of US\$6.15 billion (approximately 5.3x 2011E EBITDA), with a residual value to the original equity holders of US\$1.595 billion in 2007 dollars. In this scenario, Altius' original 37% stake would be diluted to 9.6% and worth about C\$686 million or \$23.82 per share in 2007 dollars.

Pro Forma Comparable Market Valuation

Of those listed in the chart below, Western Refining is the only pure-play refiner without auxiliary operations. While Western Refining seems to receive a

valuation near the top of the group, its two refineries are of simple-medium complexity which depends on WTI light sweet for nearly 80% of its feedstock each of the past two years. NLRC as a high complexity refiner with less exposure to volatility (given the relative stability of diesel margins versus gasoline) would likely warrant a premium to Western Refining Company's EV/EBITDA trading multiple which is 7.3x this year and 6.1x next year.

Independent Refinery Companies Valuation Multiples

(\$ amounts in USD'000)

Refinery Company	Ticker	Throughput Capacity (bpd)	Enterprise Value	2007E EBITDA	EV/2007E EBITDA	2008E EBITDA	EV/ 2008E EBITDA
Tesoro Corp.	TSO	560,000	6,458,570	1,268,827	5.1x	1,309,242	4.9x
Valero Energy Corp.	VLO	3,260,000	39,789,840	7,618,467	5.2x	7,234,601	5.5x
Sunoco Inc.	SUN	900,000	10,233,890	2,054,000	5.0x	2,098,400	4.9x
Giant Industries Inc.	GI	99,000	1,409,590	227,098	6.2x	217,820	6.5x
Frontier Oil Corp.	FTO	162,000	3,041,960	487,015	6.2x	491,062	6.2x
Western Refining Inc.	WNR	115,000	2,020,750	277,290	7.3x	331,500	6.1x
Holly Corp.	HOC	109,000	2,820,870	314,487	9.0x	190,904	14.8x
<i>Pro Forma NLRC</i>	<i>N/A</i>	<i>300,000</i>	<i>8,565,080</i>	<i>1,164,000</i>	<i>7.4x</i>	<i>1,164,000</i>	<i>7.4x</i>

Source: Bloomberg, Capital IQ, and Haywood Securities

(\$ amounts in USD'000)

Refinery Company	Market Cap	2007E EBITDA	P/2007E EBITDA	2008E EBITDA	P/ 2008E EBITDA
Tesoro Corp.	6,472,240	1,268,827	5.1x	1,309,242	4.9x
Valero Energy Corp.	36,385,790	7,618,467	4.8x	7,234,601	5.0x
Sunoco Inc.	7,931,930	2,054,000	3.9x	2,098,400	3.8x
Giant Industries Inc.	1,102,460	227,098	4.9x	217,820	5.1x
Frontier Oil Corp.	3,342,220	487,015	6.9x	491,062	6.8x
Western Refining Inc.	2,201,190	277,290	7.9x	331,500	6.6x
Holly Corp.	3,098,830	314,487	9.9x	190,904	16.2x
<i>Average excluding low/high cases</i>			<i>5.9x</i>		<i>5.7x</i>
<i>Pro Forma NLRC</i>	<i>6,150,080</i>	<i>1,164,000</i>	<i>5.3x</i>	<i>1,164,000</i>	<i>5.3x</i>

Source: Bloomberg, Capital IQ, and Haywood Securities

Our valuation of the total enterprise value of the NLRC would correspond to an EV/EBITDA multiple of 7.4x which would be near the top of the range of independent refining companies excluding the low and high amongst the group. However, on an equity price basis, NLRC would appear to be undervalued versus the group average despite our conservative assumption for the long term price of oil and thus conservative EBITDA.

Given these comparable indications, our valuation output appears to be well within the group.

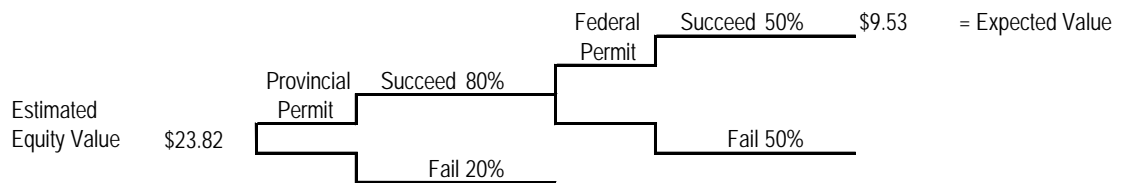
Expected Value

After solving for the equity value of NLRC attributable to Altius shares of \$23.82, we discount it to adjust for permitting risk. We base this discount on probability scenarios of provincial and federal permitting success as two independent events.

With regards to the province, we have observed that the government of Newfoundland and Labrador as well as the local community communicate a consistent message in support of development in the region. High unemployment, which has sent thousands of local oil and gas industry workers to the Alberta oil sands, and the provincial government’s desire to see more value-added processing within its borders are likely two of the key drivers for this support. NLRC management has also put forth a focused effort to communicate with and gain support from the local community. Roland Butler, who is an officer of both Altius and NLRC, has been working within the community providing timely project updates and keeping the lines of communication open. One such example of this effort was a February 6th open house in Placentia to discuss all aspects of the project with local citizens. Furthermore, with 3000 jobs to be created during construction and 750 during operations and \$60 million expected to be spent annually we believe local support would be likely and have a positive impact on the outcome of provincial permitting.

Thus, we are inclined to assume permitting at the provincial level is highly likely and apply a probability of 80%. For federal permitting, we believe the large size of Placentia Bay, distance (150 kilometres) from a major urban centre, and complementary coexistence with the community exhibited by North Atlantic Refining Limited (purchased in 2006 by Harvest Energy Trust) demonstrate factors favourable to the permitting decision. However, given the uncertainties of the federal political agenda, we simply assume an even chance of success or failure in our base case. The result is illustrated below, followed by sensitivities on these probability scenarios.

Probability-weighted Value for NLRC per Altius Share



Source: Haywood Securities

Thus, we derive an expected value of NLRC to Altius shares of \$9.53 today in our base-case assumption. This valuation estimate would increase to nearly \$12 after provincial permitting is granted, and to the full \$23.82 after federal permitting is cleared.

Sensitivity to Probability-weightings (base case highlighted)

		Probability of Provincial Permitting					
		50%	60%	70%	80%	90%	100%
Probability of Federal Permitting	0%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	10%	\$1.19	\$1.43	\$1.67	\$1.91	\$2.14	\$2.38
	20%	\$2.38	\$2.86	\$3.33	\$3.81	\$4.29	\$4.76
	30%	\$3.57	\$4.29	\$5.00	\$5.72	\$6.43	\$7.15
	40%	\$4.76	\$5.72	\$6.67	\$7.62	\$8.57	\$9.53
	50%	\$5.95	\$7.15	\$8.34	\$9.53	\$10.72	\$11.91
	60%	\$7.15	\$8.57	\$10.00	\$11.43	\$12.86	\$14.29
	70%	\$8.34	\$10.00	\$11.67	\$13.34	\$15.01	\$16.67
	80%	\$9.53	\$11.43	\$13.34	\$15.24	\$17.15	\$19.05
	90%	\$10.72	\$12.86	\$15.01	\$17.15	\$19.29	\$21.44
100%	\$11.91	\$14.29	\$16.67	\$19.05	\$21.44	\$23.82	

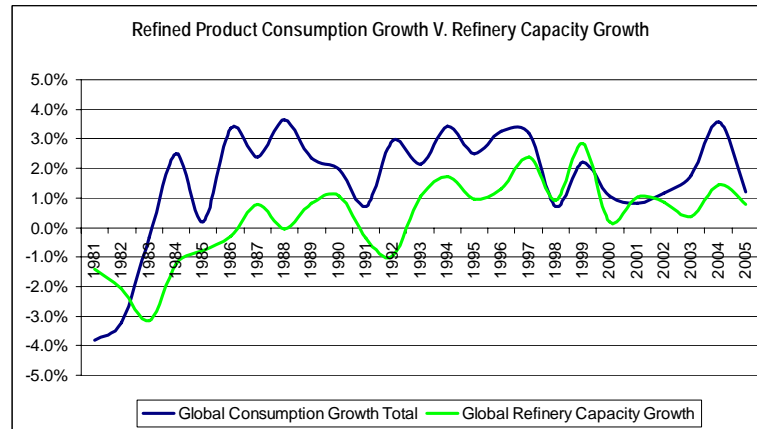
Source: Haywood Securities

Our base-case probability-weighted valuation represents a reference point for the potential of the refinery interest. We encourage investors to consider the range of values along different probability scenarios.

Refining Market Outlook in Brief: Statistics on Supply-Demand for Refined Product

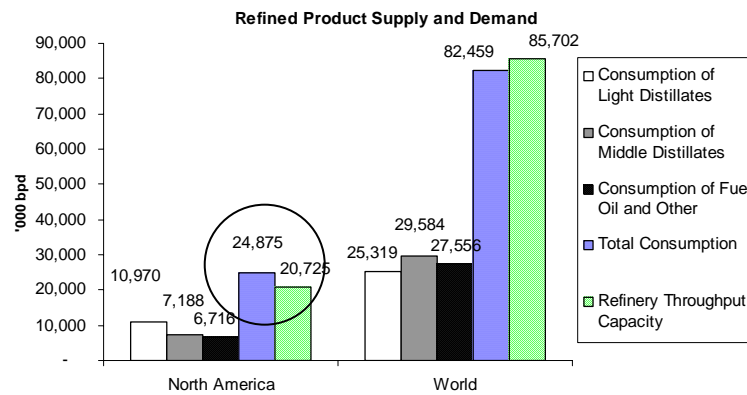
After a period of overinvestment in the 1970s, growth in refinery capacity began to lag growth in the consumption of refined product through the 1980s and up to the present. This situation has brought global utilization rates near 90%, with the U.S. market for refined product undersupplied from domestic sources by 4 million barrels per day.

A Demand-Supply Growth Gap Has Persisted for 25 Years



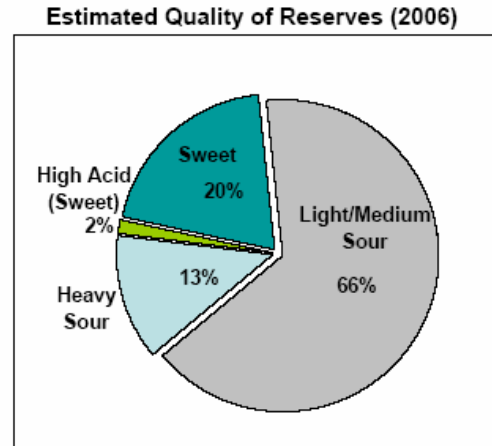
Source: British Petroleum 2006 Statistical Review and Haywood Securities

Global Utilization at All-time Highs and a Capacity Deficit in North America



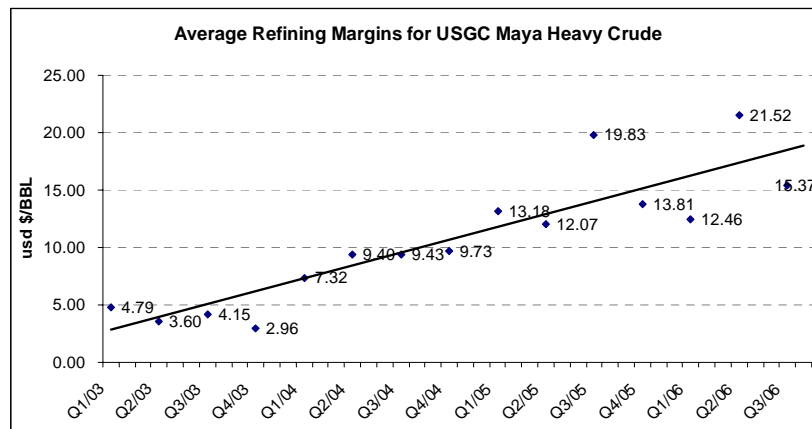
Source: British Petroleum 2006 Statistical Review and Haywood Securities

The outlook for capacity utilization may be further strained than these statistics suggest, as much of the capacity is of simple and medium complexity (configured to process light sweet crude feedstock), while most of current and incremental global feedstock reserves are sour crude. Currently, more than 78% of global proven and recoverable crude reserves are sour, including 13% heavy sour, and just 20% light sweet.



Source: Valero Energy

As a result of this tighter capacity, refining margins have risen over the past few years and remain strong. Since operating costs are generally fixed, refinery economics depend on optimizing yield (the amount of refined product extracted per unit of crude) and refining margin (the difference between the value of the refined product and the crude feedstock). The heavier and more sour the feedstock, the greater the discount to the benchmark crude on which product prices are based, and thus, the larger the margin. Therefore, refineries of high complexity (such as the one proposed by NLRC) have an explicit advantage in the market. Achievable average refining margins for U.S. Gulf Coast coking refineries utilizing Mexico Maya heavy crude feedstock have been on an upward trend and should remain wide as coking capacity remains tight.



Source: International Energy Agency (Oil Market Report) and Haywood Securities

These trends indicate a favourable market outlook for the proposed high conversion refinery.

Project Stakeholders

Financial Partners: Three of Europe's Most Successful Financiers

NLRC is sponsored in part by global-scale venture-capital partners. Altius is joined in NLRC by three private investors (with approximately 62% combined ownership) who have impressive track records of success and are noted for the following:

Harry Dobson

- His group turned a US\$15 million investment in a zinc-silver mine in Honduras (El Mochito) into a US\$100 million sale to Breakwater Resources within 3 years. He also bought the Kirkland Lake Gold assets (where he remains Chairman and owner of 6.6% of the Company's \$520 million+ market value) from Kinross for \$5 million in 2005. He currently holds 16% of Rambler Metals and Mining shares, in which Altius holds a 30% stake.
- Bought a 6.5% stake in Manchester United for £21 million and sold it for a £30 million profit a year later to Malcolm Glazer's group.
- Former Senior Partner at Yorkton Securities

Dermot Desmond

- Listed as the 5th wealthiest Irishman (*U.K. Sunday Times Rich List 2005*)
- Former owner of London City Airport (2 million passengers in 2005), which was recently sold to a division of AIG. The sales terms of Desmond's £23.5 million investment were not disclosed, but it was reported earlier that his minimum offer was £300M while some reports listed the sale at £750M.

Stephen Posford

- Former CEO of Solomon Brothers Europe

World-Class Project Team

The local project team led by Brian Dalton and Roland Butler includes two members with significant petroleum industry experience.

Kjell Rustad, Project Manager, is originally from Norway. He has extensive global expertise in oil and gas project management, including the project that brought him to the region, the Hibernia offshore oil platform. Considering his expertise and experience with large-scale projects and his personal commitment to the region, we believe his participation is a considerable advantage for the NLRC group.

James Smith, Vice President Commercial, decided to join NLRC after directing the engagement of Cambridge Energy Research Associates (CERA) for the initial market study for NLRC. He has several years of experience in the global refining sector, including as a member of Exxon's project development team and serving nearly 10 years as a downstream petrochemical consultant after completing an MBA at the Wharton School. We consider his decision to join NLRC from his post as director of CERA's downstream group a significant endorsement for the project's potential for success.

Near-Term Opportunities

Term Crude Agreement with Major Producer

With global refinery capacity tight, particularly so for high-complexity refineries, NLRC has an opportunity to partner with a producer in need of refining capacity for heavy sour crude reserves through a term crude supply agreement. On the producer's side, such an agreement would allow it to access heavy sour projects, which currently may not be feasible for production. On the NLRC side, such an agreement would considerably strengthen the project's perceived credibility and presumably help facilitate financing of the project. A term crude agreement could likely also provide for a 'bulk' type of discount on the refining margin of approximately \$1 per barrel.

Potential North Atlantic Refinery Residual Off-take Agreement

Though equipped to handle sour crude, the North Atlantic Refinery (a 115,000 bpd refinery adjacent to the proposed NLRC site) does not have coking ability. Thus, it produces 20,000 to 25,000 bpd of residual fuel, which it currently has to blend with 5,000 bpd of high-value distillate to convert to a saleable product in the form of heavy fuel oil. At an estimated additional capital cost of around \$50 million, NLRC could build an auxiliary coker capable of processing this residual fuel and return it to the market as a refined product. If we assume \$12 margins on 25,000 bpd of residual fuel, we could see an additional \$100 million a year in refining margin.

Significant Risks

Federal Political Agenda Emphasizing Environmental Issues

With the current topic of federal political discussion moving more and more towards environmental protection, we believe there is a possibility for spillage into the expected timeline for the NLRC federal permitting process. However, in the early stages of permitting, it appears that air and land issues may remain with the province, and the federal government would be responsible for wharf and road access, two much less environmentally sensitive factors. Furthermore, the NLRC refinery would in fact be creating low-sulphur products, as well as having the least residual heavy bunker fuel, both of which are relatively positive factors for the environment and the project. That said, we remain cautious of the effect of political grandstanding.

Summary of Significant Mineral Project Holdings

Viewing Altius as a holding company, we do not attempt to value the speculative value of the minerals projects in its portfolio. Rather, we assign the market value of Altius' ownership stake to the value of Altius shares. The following are summaries of the most significant assets in the Company's portfolio of minerals projects.

List of Minerals Projects

Mining Asset	2007E Cashflow (after tax)	Market Value per ALS Share
Voisey's Bay 0.3% Net Smelter Royalty	\$3,064,910	N/A
Aurora Energy (AXU-T) - 9.9% ownership	N/A	\$3.41
Rambler Metals & Mining (RAB-V) - 30%	N/A	\$0.62
Paragon Minerals (PRG-V) - 17.4%	N/A	\$0.09
Alba PLC (ALBA-AIM) - 1.9%	N/A	\$0.01
Totals	\$3,064,910	\$4.12

Source: Haywood Securities

Aurora Energy (AXU-T)

Aurora Energy has gained significant momentum since going public as a spin-off from Altius and Fronteer Development (FRG-T, current ownership of AXU-T at 47%). Versus an IPO price of \$3.60 in early 2006, the current market value a year later is up nearly four-fold, trading around \$15.

The Company has 800 square kilometres of staked land in Labrador, including the historic reserves of the Michelin deposit. The 2005 exploration drilling on the Michelin deposit and drilling targets at Jacques Lake and Otter Lake brought defined measured and indicated resources of 22.2 million pounds of uranium and inferred resources of 13.4 million pounds.

After a 45,000-metre drill program in 2006, the Company released a revised resource update, which included 58 million pounds measured and indicated and 38 million pounds inferred, for a total resource potential of 96 million pounds of U₃O₈.

Aurora Energy Resource Update Table

Deposit	Measured			Indicated			Inferred			Total
	Tonnes	% U ₃ O ₈	lbs U ₃ O ₈	Tonnes	% U ₃ O ₈	lbs U ₃ O ₈	Tonnes	% U ₃ O ₈	lbs U ₃ O ₈	lbs U ₃ O ₈
Michelin Open Pit*	3,410,000	0.07	5,340,000	7,930,000	0.06	10,840,000	460,000	0.04	440,000	16,620,000
Michelin Underground**				14,310,000	0.12	36,290,000	13,950,000	0.11	32,610,000	68,900,000
Jacques Lake Open Pit*				1,150,000	0.08	2,100,000	1,520,000	0.06	1,880,000	3,980,000
Jacques Lake Underground**				1,670,000	0.09	3,310,000	1,950,000	0.07	3,100,000	6,410,000
Totals	3,410,000	0.07	5,340,000	25,060,000	0.1	52,540,000	17,880,000	0.1	38,030,000	95,910,000

* Open pit resource reported at 0.03% U₃O₈ cut-off

** Underground resource reported at a 0.05% U₃O₈ cut-off

Source: Aurora Energy

The Company is planning 80,000 to 100,000 metres of drilling in 2007 spread among Michelin, Jacques Lake, and other targets, and expects to have a feasibility study completed in 2008.

Though the story continues to develop, we are encouraged to see Altius reduce its exposure to the equity value of Aurora. At a current valuation of over \$10 per pound resource (versus other prefeasibility projects that trade around \$3 to \$5), it

may be an opportune time to monetize the asset. As of the last public sale, Altius' 9.9% stake would be valued at over \$98 million or about \$3.40 per Altius share.

In addition to its current holdings, Altius maintains upside in Aurora through its royalty stake. Though we do not assign value to the 2% gross sales royalty Altius holds on the project, one potential valuation metric to consider for uranium royalties is 2% of market value per 1% sales royalty point. At Aurora's current market capitalization of around \$1 billion, we could derive a value for the royalty of \$40 million (2% GSR = 4% market cap) to Altius, or potentially \$1.30 per Altius share.

Labrador Nickel Royalty Limited Partnership (LNRLP)

Altius' acquisition of 10% of the LNRLP (which holds a 3% NSR on the Voisey's Bay nickel project) was well timed. Nickel prices have continued to climb on tightening supply, and we estimate the approximately \$13 million investment is currently producing \$2 million to \$3 million in after-tax cash flow annually. International Royalty Corporation (IRC-T), which owns 90% of the royalty, in its recent public production schedule for the project reported, "the mine is expected to produce 32% more nickel, 29% more copper and 28% more cobalt in 2007 than was projected for 2006." IRC estimates royalty revenue from this production at \$30 million to \$35 million in 2007, meaning Altius could expect \$3.3 million to \$3.9 million on the same assumptions. With a current operating run rate below \$1 million per year, the royalty should provide a sustainable stream of cash flow to fund the Company's corporate expenses for the foreseeable future.

Furthermore, the royalty applies to the entire Voisey's Bay district. Thus, it carries the exposure to the exploration upside that comes from further exploration over the years, without the risk of operating execution.

We value the royalty at 15.0x our average cash flow forecast from 2007 to 2011 of \$2.1 million for a total value of \$31.2 million. This valuation compares with 32.0x for Royal Gold's (RGLD- NASDAQ) current market valuation and 17.8x for Haywood's fundamental research valuation multiple for International Royalty Corporation.

Altius 0.3% NSR Model Summary

	2007E	2008E	2009E	2010E	2011E
Commodity Price Forecasts (US\$/lb)					
Nickel	13.50	12.50	9.00	5.00	5.00
Copper	2.75	2.50	2.25	1.75	1.50
Cobalt	12.00	9.00	9.00	9.00	9.00
After-tax Cash Flow (CAD)	3,064,909.6	2,875,573.2	2,040,023.2	1,231,570.3	1,198,128.1

Source: Haywood Securities

Rambler Metals and Mining (RAB-V)

Listed on the TSX Venture Exchange on February 7, 2007, Rambler holds a historic copper-gold deposit in Newfoundland. Two areas of the property, Ming mine and the Ming West mine, had been mined until 1982 and 1996 respectively until being stopped at the border of a neighbouring property. That property was consolidated, and the Company is now in phase 2 of a drilling program to delineate the resource. Early drill results show copper grades of 2% to 4% along intervals of 20 to 120 feet. When the mine closed, the two deposits (Ming and

Selected Comparable Copper Projects

Company	Share Price (C\$)	Shares O/S (M)	MC (US\$m)	Key Project(s) (ownership %)	Location	Status	CuEq Reserve (Mlb)	CuEq Reserve + Resource (Mlb)	MC / CuEq Reserve (US\$/lb)	MC / CuEq Reserve + Resource (US\$/lb)
African Copper PLC (ACU-T)	\$1.45	128	\$186	Dukwe (100%)	Botswana	Construction	208	1,311	\$0.893	\$0.142
Antares Minerals Inc. (ANM-V)	\$1.20	37	\$44	Haquira (100%) Rio Grande (60%)	Peru Argentina	Prefeasibility Exploration	- -	2,646 586		\$0.014
Anvil Mining Ltd. (AVM-T)	\$15.70	56	\$881	Dikulushi (90%) Kulu (70%) Kinsevere (95%)	DRC DRC DRC	Production Production Construction	80 - 426	377 325 2,876	\$1.742	\$0.246
Arizona Star Resource Corp. (AZS-V)	\$14.00	42	\$583	Cero Casale (51%)	Chile	Feasibility	7,594	7,594	\$0.077	\$0.077
Ascendant Copper Corp. (ACX-T)	\$0.39	42	\$16	Junin (100%)	Ecuador	Exploration	-	28,325		\$0.001
bcMetals Corp. (C-V)	\$1.69	38	\$65	Red Chris (100%)	Canada	Feasibility	3,108	9,233	\$0.021	\$0.007
Candente Resource Corp. (DNT-T)	\$1.35	53	\$72	Canariaco (100%)	Peru	Scoping	-	4,841		\$0.015
Chariot Resources Ltd. (CHD-T)	\$0.79	303	\$240	Mina Justa (70%)	Peru	Feasibility	-	5,009		\$0.048
Constellation Copper Corp. (CCU-T)	\$1.32	179	\$236	Lisbon Valley (100%) Terrazas (100%)	U.S. Mexico	Production Feasibility	443 -	503 2,016	\$0.532	\$0.094
Continental Minerals Corp. (KMK-V)	\$1.87	53	\$99	Xitongmen (100%)	China	Feasibility	-	3,816		\$0.026
Copper Fox Metals Inc. (CUU-V)	\$1.34	57	\$76	Shaft Creek (93.4%)	Canada	Prefeasibility	-	16,119		\$0.005
Coriente Resources Inc. (CTQ-T)	\$2.71	75	\$203	Mirador (90%) Pananzta (90%) San Carlos (90%)	Ecuador Ecuador Ecuador	Feasibility Exploration Exploration	- - -	9,363 5,617 7,952		\$0.009
Equinox Minerals Ltd. (EQN-T)	\$2.03	438	\$890	Lumwana (100%)	Zambia	Feasibility	5,114	12,946	\$0.174	\$0.069
Frontera Copper Corp. (FCC-T)	\$4.38	63	\$278	Piedras Verdes (100%)	Mexico	Production	1,507	2,347	\$0.185	\$0.118
Global Copper Corp. (GLO-T)	\$1.96	27	\$52	Relincho (100%) Vizcachas (51%)	Chile Chile	Exploration Exploration	- -	4,430 2,348		\$0.008
Imperial Metals Corp. (III-T)	\$10.78	31	\$332	Mount Polley (100%) Huckleberry (50%)	Canada Canada	Production Production	571 84	1,175 84	\$0.507	\$0.263
Katanga Mining Ltd. (KAT-T)	\$9.99	77	\$769	Kamoto (75%)	DRC	Construction	7,692	17,070	\$0.100	\$0.045
Monterrico Metals PLC (MNA-L)	\$3.58	26	\$94	Rio Blanco (100%)	Peru	Feasibility	-	20,008		\$0.005
Nevsun Resources Ltd. (NSU-T)	\$2.43	116	\$283	Tabakoto (90%) Blsha (90%)	Mali Eritrea	Production Feasibility	338 -	987 3,620	\$0.836	\$0.061
New Gold Inc. (NGD-T)	\$8.70	24	\$210	New Alton (100%)	Canada	Feasibility	-	2,650		\$0.079
Norsemont Mining Inc. (NOM-V)	\$1.75	25	\$44	Constancia (70%)	Peru	Scoping	-	2,451		\$0.018
Northern Dynasty Minerals Ltd. (NDM-V)	\$12.44	92	\$1,141	Pebble (100%)	U.S.	Feasibility	-	77,959		\$0.015
Northern Orion Resources Inc. (NNO-T)	\$4.95	153	\$757	Alumbraera (12.5%) Agua Rica (100%)	Argentina Argentina	Production Feasibility	828 -	828 40,121	\$0.915	\$0.018
Northern Peru Copper Corp. (NOC-T)	\$6.50	27	\$177	El Galeno (100%) Pashpato (49%)	Peru Peru	Prefeasibility Exploration	- -	11,991 1,413		\$0.013
Peru Copper Inc. (PCR-T)	\$4.64	119	\$553	Toromocho (100%)	Peru	Prefeasibility	21,074	30,223	\$0.026	\$0.018
Quadra Mining Ltd. (QUA-T)	\$7.68	38	\$293	Robinson (100%) Carlota (100%) Siera Gorda (100%)	U.S. U.S. Chile	Production Feasibility Exploration	3,543 - -	6,261 1,294 5,000	\$0.083	\$0.023
Rubicon Minerals Corp. (RIMX-T)	\$1.44	77	\$111	Kalukundi (30%)	DRC	Feasibility	337	758	\$0.328	\$0.146
Sherwood Copper Corp. (SWC-V)	\$4.45	42	\$188	Minto (100%) Area 2 (100%)	Canada Canada	Feasibility Feasibility	333 -	443 294	\$0.565	\$0.255
Sunridge Gold Corp. (SGC-V)	\$2.32	39	\$91	Debarwa (90%) Adi Nefas (90%)	Eritrea Eritrea	Feasibility Feasibility	- -	371 352		\$0.125
Taseko Mines Ltd. (TKO-T)	\$3.08	128	\$396	Gibraltar (100%) Prosperity (100%)	Canada Canada	Production Feasibility	1,000 -	3,400 7,580	\$0.396	\$0.036
TEAL Exploration and Mining Inc. (TL-T)	\$3.99	54	\$215	Mwambashi (70%) Konkola North (95%) Kalumines (60%)	Zambia Zambia DRC	Feasibility Feasibility Prefeasibility	- - -	378 3,531 380		\$0.050
Tenke Mining Corp. (TNK-T)	\$17.05	60	\$1,018	Tenke Fungurume (24.75%)	DRC	Feasibility	-	11,678		\$0.087
Terrane Metals Corp. (TRX-V)	\$0.72	53	\$38	Mt. Milligan (100%)	Canada	Feasibility	-	2,776		\$0.014
Western Copper Corp. (WRN-T)	\$1.72	72	\$123	Hushamu (100%) Redstone (100%) Casino (100%)	Canada Canada Canada	Feasibility Exploration Exploration	- - -	2,860 2,900 7,660		\$0.009
Wolfden Resources Inc. (WLF-T)	\$4.00	89	\$355	Izok (100%) High Lake (100%) Ulu (100%)	Canada Canada Canada	Feasibility Feasibility Feasibility	- - -	3,247 1,986 165		\$0.066
Group Average									\$0.461	\$0.064

MC = market capitalization
CuEq = copper equivalent (Company share)
Copper equivalent assumes a US\$1.50/lb copper price, a US\$0.75/lb zinc price, a US\$0.45/lb lead price, a US\$10.00/lb molybdenum price, a US\$9.00/lb cobalt price, a US\$600/oz gold price, and a US\$9.50/oz silver price.
C\$/US\$ FX Rate: 1.14

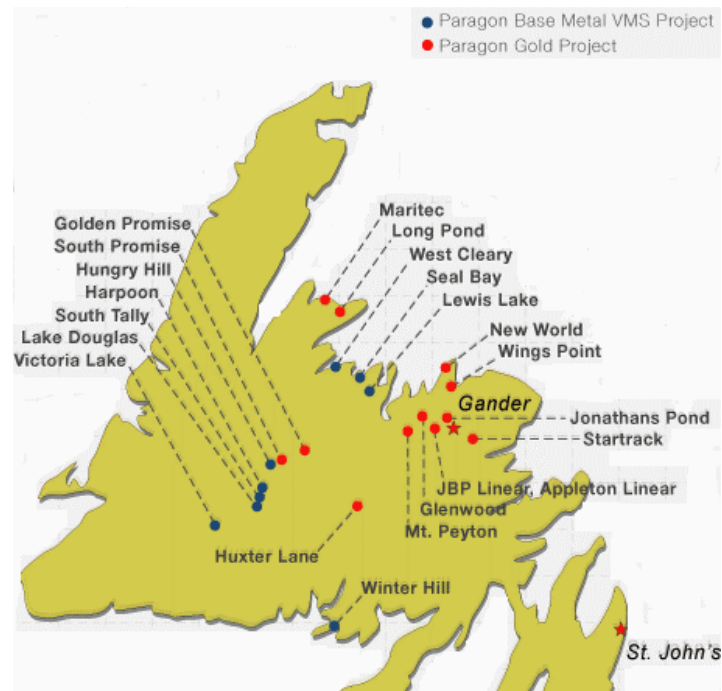
Source: Haywood Securities

Paragon Minerals (PRG-V)

Altius exchanged rights to its South Tally Pond property (15 kilometres from the Aur Resources Duck Pond Project) for equity interest in Paragon. This interest now stands at around 17.4% following a December 2006 private placement after Paragon’s December 15 listing on the TSX Venture Exchange. Paragon lists a number of gold and base metals properties in its portfolio and has recently reported the results of an ongoing drilling program.

Continued drilling has the potential to create further value, but we consider it presently unquantifiable. As with Rambler, we value this holding at the current market value of Altius’ 17.4% stake, which includes 3.55 million shares at a current trading price of around \$0.72, for an impact of \$0.09 per Altius share.

Project Map



Source: Paragon Minerals

Key Statistics

Market Capitalization		\$14.6 million
Shares Owned by Altius / Shares Outstanding		3.55 million / 20.3 million = 17.5%
Change in ALS-T Price from a \$0.10 Change in PRG-V		\$0.012
Recent Drilling Data	Golden Promise: 7 holes, 1,582 metres	Best: 20.65 g/t gold over 1.6 metres
	H-Pond: 9 holes, 2107metres	Best: 12.29 g/t gold over 1.05 metres

Source: Paragon Minerals and Haywood Securities

ALBA Mineral Resources PLC

Extending the Company's knowledge of Voisey's Bay led to an investment in Alba Minerals, which is looking at similar type targets in Scotland and Scandinavia. Altius owns 1,250,000 shares of the Company and 937,000 warrants at 9 pence until 2015. With this investment, the Company has been granted a 1.5% royalty based upon any minerals that are discovered. The Company's most advanced project is the Arthrath Ni-Cu-PGE upon which exploration work is continuing.

Notable Properties in the Project Pipeline

As demonstrated, Altius' project investments have been quiet acquisitions of properties that have gained value as they develop and the market takes interest.

At present the Company has staked a list of over 20 minerals and other properties. Of these, several are of particular interest.

New Brunswick Oil Shale – the New Brunswick Department of Natural Resources auctioned a license to search a 9,700 ha block of bituminous shale in the province in March 2006 which Altius won with a bid to commit of \$2.885M over three years (\$60,000 mandatory, balance optional).

Shell Oil is currently at the advanced stages of a 25-year project to extract oil from shale using its patented technology 'in situ conversion process (ICP)'. The process was proven feasible in 2005 when the Company successfully recovered 1,700 barrels of oil in a 30'x40' testing area. The process draws out high quality light oil which has been in decline globally and is priced at the top of the market. Shell is currently studying the commercial viability of the technology, upon which a decision for a commercial project should be made in a few years time.

Labrador Nickel and Uranium Projects

Altius recently claimed 53 square kilometers of prospective minerals property within 15 kilometres of Voisey's Bay nickel deposits after the area was recently opened for staking. The Company also reported three new uranium exploration properties recently claimed including the Notakwanon property from which a local government grab sample assay in 1982 showed 1.81% U₃O₈. In addition to these 463 square kilometres the Company also staked properties named Nuiklavik (200 square km) and White Bear (90 square km) which is located east of Aurora Energy's properties.

Investments like these have historically been the model of value creation for the Company. Next steps in the venture sponsorship model would likely be preliminary exploration and possibly partnership. With the markets for base metals and uranium expected to remain robust for several years to come, meaningful exploration results could lead to project development and another source of value for Altius in the future.

Rocky Brook Uranium Project

In early 2001, Altius acquired a uranium-silver property in western Newfoundland, which yielded boulders grading 1% to more than 10% uranium oxide (U₃O₈). Cameco originally agreed to joint venture but moved on to focus on opportunities in Kazakhstan. In 2005, the new joint venture (with partner JNR Resources) completed 78 diamond-drill holes totalling 3,265 metres in an effort to locate the bedrock source. Following up on encouraging results, the joint venture plans to spend \$650,000 for an 1,100-kilometre high-resolution radiometric, magnetic, and electromagnetic airborne survey and 3,000-metre diamond-drilling program comprising 90 to 100 short holes. JNR Resources may earn a 70% interest by spending \$2.525 million on exploration over four years.

Valuation Commentary

While the bulk of our report focused on the potential impact on valuation of Altius' stake in NLRC, we believe the Altius shares are trading relatively cheaply at 1.2x current NAV. Our reasons are a handful of minerals projects in the incubator, the likely marketability of the CMB 2% gross sales royalty, the NLRC royalty, and exploration upside from the Company's Voisey's Bay Royalty and other minerals projects as with persistently strong copper and nickel prices.

Near-Term Catalysts

NLRC Strategic Agreement

With refinery capacity tightening (severely so for heavy sour crude projects), it would be prudent for a producer to come to terms with NLRC to supply crude for its proposed refinery. We presume the Company has been in the process of finding such a strategic partnership, and given the expertise of Jim Smith (Vice President Commercial), we believe such an agreement would be at fair market terms.

Also, if a potential partner negotiates an equity stake in NLRC, we would begin to see a tangible market valuation for the subsidiary, which would define a specific value for NLRC and thus Altius shares.

NLRC Permitting

Provincial permitting is expected by fall 2007, and federal between fall 2007 and the end of 2007. In all, the Company expects final permitting decisions to be made by fall 2007. The provincial decision could come sooner, as the province has already granted NLRC the environmental impact statement (EIS) route, which could take as little as 6 months from the date (December 2006).

Expectations

We believe the Company is continuing to monetize its Aurora shares and is likely holding more than \$90 million in tax-adjusted cash. Given management's intentions of making minimal seed investments, with greater investment in a few core projects, we believe this amount of cash is excessive. Without near-term use of these funds, the company may choose to return a portion of this cash to investors as a special dividend or continue to buy back shares. However, with a market capitalization of just \$300 million, a buyback would likely be limited to around \$30 million, leaving over \$50 (\$1.70 per share) available for a special dividend.

Alternatively, we could see management decide to make a more aggressive investment move and buy cash flow generating assets with the cash surplus. The Company has little intention of operating projects itself, but we would imagine purchase of a royalty is a possibility.

Risks to Our Target Price

Market Risk

The value of Altius shares depends largely on the valuation of certain publicly traded investments. Some of these market valuations may fluctuate significantly and cause volatility in the intrinsic value of Altius shares.

Political Risk

With the increasing importance of environmental protection on the federal political agenda, permitting challenges may arise that significantly affect the projects of firms in which Altius holds equity interests integral to the Company's valuation. In particular, Aurora's uranium assets and NLRC's proposed refinery are both significant parts of our sum-or-parts valuation for Altius.

Commodity Price Risk

Altius' project portfolio consists entirely of resource and is thus dependent on the current commodity cycle, specifically in regards to the price of nickel, uranium, and copper, and crude oil refining margins.

Haywood's published commodity forecasts as they relate to Altius' holdings are as follows.

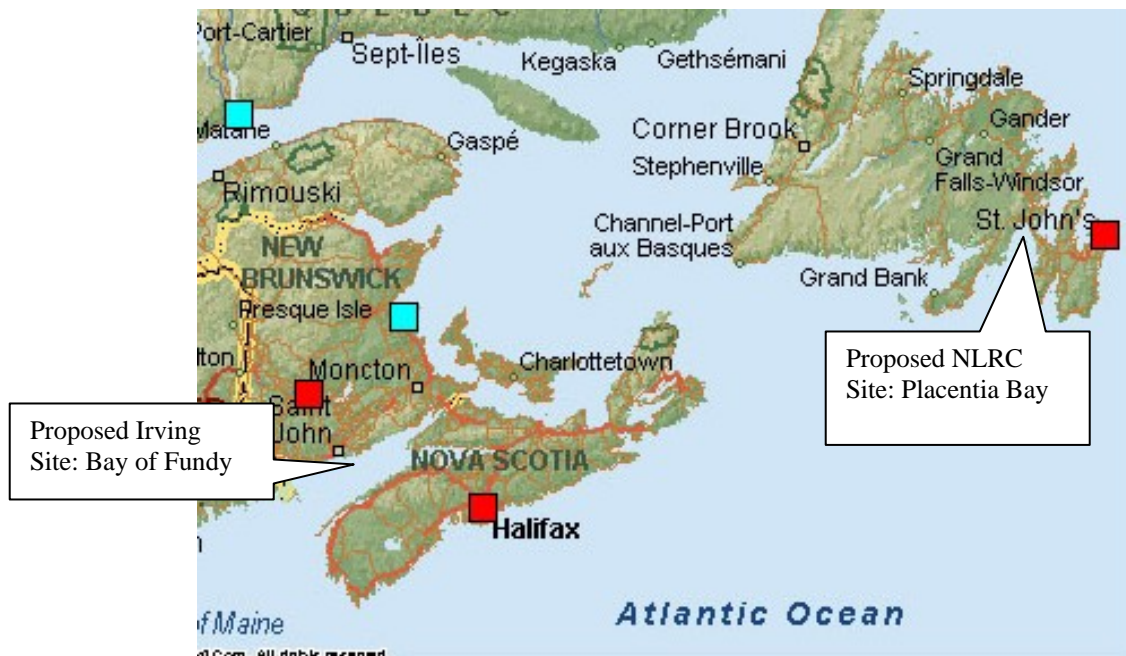
Commodity Price Forecasts

Commodity	Applicable Holdings	2007	2008	Long-term
Nickel	10% of 3% NSR on Newfoundland and Labrador Nickel Limited Partnership (Voisey's Bay)	\$13.50	\$12.50	\$5.00
Copper	30% Interest in Rambler Metals and Mining (RAB-V)	\$2.75	\$2.50	\$1.50
WTI Crude Oil	37% Interest in NLRC	\$65	\$65	\$60
Uranium	9.9% Interest in Aurora Energy (AXU-T)	\$85	\$85	\$35
Gold	17.4% Interest in Paragon Minerals (PRG-V)	\$700	\$650	\$600

Source: Haywood Securities

Appendix 1 – Note on the Irving Oil Refinery Project Proposal

On January 25, Irving Oil announced that it had begun the environmental permitting phase of a proposed 300,000 bpd refinery near Saint John, New Brunswick, similar to that being proposed by NLRC in Placentia Bay, Newfoundland. We consider Irving Oil’s intentions as positive for the NLRC project, since the market can well absorb the capacity of two such refineries (the U.S. domestic market is undersupplied by 4 million bpd³ of refined product). Based out of two distinctly geographically separated ports, each potential project site has a separate entrance to the Atlantic Ocean, which should impact incremental freight congestion in the region.



Source: Natural Resources Canada

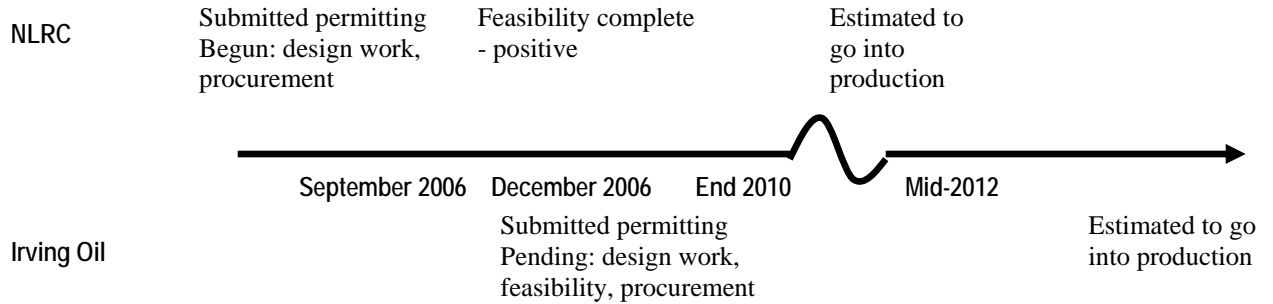
While we don’t believe market competition to be a threat, if a first-mover advantage can be gained, then NLRC is well positioned to benefit, being well ahead in the process to get the proposed refinery built. Permitting is ongoing, and a provincial decision is expected by the fall (it was submitted in September 2006, with a provincial route decision in December, and could take as little as 6 months). Furthermore, the local community in Newfoundland appears to be supportive of the proposed NLRC project. In New Brunswick, however, an existing 300,000 bpd refinery is operating, and a 1 bcf/d liquefied natural gas (LNG) terminal is expected to be completed by 2008 in the same area as the proposed Irving Oil refinery site, all within 10 kilometres of Saint John. The prospect of an additional large-scale industrial project so near the urban centre in the Bay of Fundy may be cause for concern at the local level for the Irving project.

Finally, NLRC continues to make commitments for procuring advanced engineering work and capital equipment ahead of a permitting decision. This

³ BP Statistical Review

activity has put it on track to begin producing from the refinery by late 2010 / early 2011, while Irving Oil's current timeline projection is mid-2012.

Comparable Timelines of Proposed Refineries



Source: Haywood Securities

Appendix 2 –Tear Sheets

Aurora Energy Resources Inc.	TSX:AXU	Price	\$15.80
	Shares O/S (M)	65.50	
		MCap (C\$) (M)	\$1,034.97
Comment:	Uranium focused, high profile explorer in Central Mineral Belt ("CMB") of Labrador. Extensive drilling on several targets, included the Michelin deposit that hosts a compliant resource of 22.2 M lbs U3O8 (measured + indicated)		



08/02/2007

Investment Highlights

- Recent drilling returned best grade-thickness intervals intersected at Michelin, within 420 m depth. 59.4 m @ 0.18 % U3O8. Resource update expected in Q107
- Drilling at Jacques Lake returned 46 m @ 0.10% U3O8 and 21 m @ 0.21% U3O8
- High grade uranium mineralization discovered in Inda Lake Trend. 3.62 m @ 2.19% U3O8 (Inda Deposit). Drilling planned
- Exceptionally strong technical and financial management
- Significant expenditures in 2006 and 2007 planned
- Fronteer Development Ltd. owns 47.7% of the issued stock (after recent financing)

Website: www.aurora-energy.ca
Tel: 604-632-4677
President/CEO: Mark O'Dea

Capital Structure (C\$) (M)

Shares O/S					65.50
Shares F/D					69.67
(C\$) (M)	Av Strike	Basic	ITM	Proceeds	
Cash & Equiv					\$52.40
Options	\$5.76	4.03	3.86		\$15.25
Warrants	\$3.60	0.14	0.14		\$0.51
Total Cash & ITM	4.17		4.00		\$68.17
Market Cap					\$1,034.97

Trading Statistics (C\$)

Last Sale Price	\$15.60
52 Week High	\$16.00
52 Week Low	\$3.55
Average Daily Vol (M)	0.03

Ownership (M)	Management	Institutional
Shares	0.00	0.93
% O/S	0.00%	1.42%

Note: *Includes 47.7% held by Fronteer Development (TSX:FRG)

Analyst Coverage	# Analysts
	1

Haywood Exploration Index Statistics	
Dated Added	22-Nov-06

Last Financing			
05/10/2006	\$30 million	Bought deal	1.722 million shares @ \$10.45
			0.956 FTS shares @ 12.55
	\$10 million	Pvt Placement	0.956 million shares @ \$10.45

Key Properties

Central Mineral Belt	Varied
-----------------------------	---------------

Location: Labrador

Exploration Stage: Advanced Exploration - pre-feasibility study

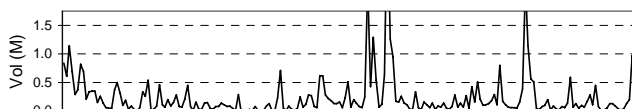
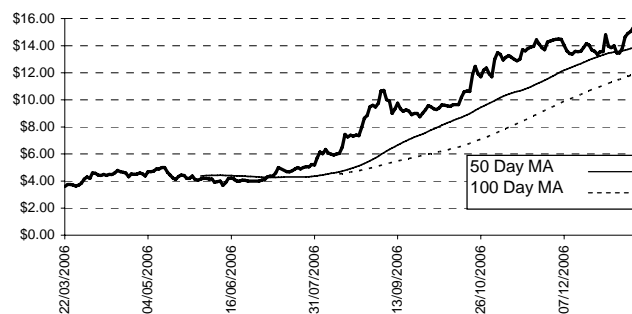
Description: Includes five historic uranium deposits, the largest of these being the Michelin deposit.

/Potential:

Current: Currently carrying out 40,000 m of drilling, focused on bringing the Michelin deposit into the Indicated resource category with infill drilling between 250 and 700 vertical m depth; demonstrating the depth potential of the deposit to at least 1,000 vertical metres, expand new discoveries at Jacques Lake and Otter Lake; and test the White Bear, Melody Hill and Rainbow zones. Drilling has extended the deposit by 400 m - infilling drilling planned to test continuity and orientation of mineralization. Results from Rainbow, 3km SW of Michelin, define a deposit 300 m long and 13 m wide. Results from Inda Lake Trend include high grade uranium mineralization. Resource update at Michelin expected Q107. Drilling planned for 2007 at Michelin and Inda, Nash and Gear targets.

Resource: Total (all zones):35.7 M lbs U3O8 @ 0.12% U3O8 (Measured, Indicated & Inferred)

Aurora Energy Resources Inc. Chart



Peer Group Companies

TSX	Company	Price (C\$)	MC (C\$) (M)
TSX:AXU	Aurora Energy Resources Inc.	\$15.80	\$1,034.97
TSX:UEX	UEX Corp.	\$5.08	\$802.84
TSX:EMC	Energy Metals Corp.	\$10.80	\$809.82
TSX:URE	UR-Energy Inc.	\$3.99	\$297.57
CDNX:CXX	Crosshair Exploration & Mining Co	\$2.82	\$181.44

Estimated Burn Rate (C\$) (M)

Item	Estimated Burn Rate (C\$) (M)	Exploration Timetable
January 2007 cash & equiv	\$52.40	-
Exploration - Central Mineral Belt	n/a	Q1
Admin Costs	n/a	-
Financings	\$0.00	-
ITM Options / Warrants	\$15.77	-
Year-end 2007 cash & equiv	\$68.17	-

Source: Haywood Securities X-Report, (Jim Mustard and Chris Thompson)

Rambler Metals & Mining PLC	CDNX:RAB	Price	\$1.50
	Shares O/S (M)	40.03	MCap (C\$) (M)
Comment:	Base metals development company with the Rambler copper-gold property (Nfld.), currently undergoing delineation drilling, as a key asset. Underground exploration, involving the dewatering of the Ming Mine is planned and at the permitting stage.		



06/03/2007
Investment Highlights

- Rambler copper-gold property: Former producing Ming and Ming West copper-gold mines
- Resource delineation drilling program underway targeting Ming Horizon and the MFZ beyond a former property boundary
- Upper zone within the MFZ identified (19.7 ft of 14.40% Cu plus 1.8 g/t Au) and the strike of the MFZ has been extended by 225 m
- Dewatering and rehabilitation of the Ming Mine underground infrastructure currently at the permitting stage

Website: www.ramblermines.com
Tel: 44 20 7661 8104
Chairman: D.H.W. Dobson

Capital Structure (C\$) (M)				
Shares O/S				40.03
Shares F/D				40.34
(C\$) (M)	Av Strike	Basic	ITM	Proceeds
Cash & Equiv				\$11.00
Options	\$0.88	0.31	0.31	\$0.27
Warrants	\$0.00	0.00	0.00	\$0.00
Total Cash & ITM		0.31	0.31	\$11.27
Market Cap				\$60.05

Trading Statistics (C\$)	
Last Sale Price	\$1.50
52 Week High	\$1.60
52 Week Low	\$1.34
Average Daily Vol (M)	0.00

Ownership (M)	Management	Institutional*
Shares	0.00	24.00
% O/S	0.00%	59.96%

* Note: Includes Altius Minerals Corporation (CDNX:ALS) shareholding (30%) and Dobson Group (30%)

Analyst Coverage	# Analysts
	0

Last Financing			
08/04/2004	£8 million	IPO	16 million units @ 40p.

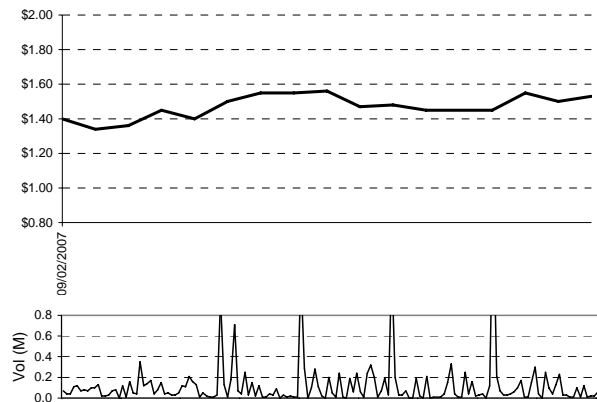
Key Properties

Ming Mine Project	100%
Location:	Newfoundland and Labrador
Exploration Stage:	Advanced Exploration
Description	Located in the prolific Baie Verte mining district near the coast of Newfoundland. The Ming Mine (1971-1984) was the largest in the Rambler mining camp and mined high-grade Cu-Au ore until mine workings reached a neighbouring property boundary. Exploration targets are the Ming Horizon and the Ming Footwall Zone (MFZ).

Current: 30 hole Phase II drilling currently underway following widely spaced holes drilled in Phase I program (13,759 m) designed to trace the down-plunge continuations of the Ming Horizon and the MFZ beyond a former property boundary. Phase II surface resource delineation drilling program at 50 m centres using two rigs is underway. Drilling on the MFZ has returned intersections grading above 3% Cu. Extension of the Upper Ming Massive Sulphide has been identified (19.7 ft of 14.40% Cu plus 1.8 g/t Au) and the strike of the MFZ has been extended by 225 m. Underground exploration, involving the dewatering of the Ming

Notes

Rambler Metals & Mining PLC Chart



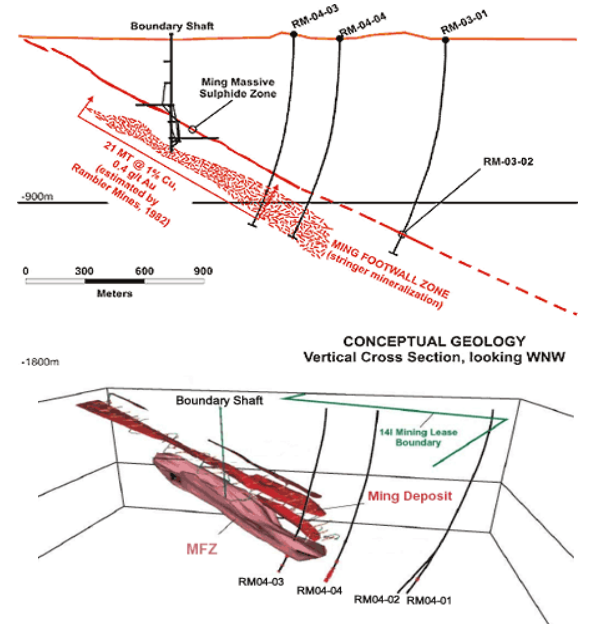
Peer Group Companies

		Price (C\$)	MC (C\$) (M)
TSX:FCC	Frontera Copper Corp.	\$4.51	\$282.14
TSX:CHD	Chariot Resources Ltd.	\$0.77	\$233.52
TSX:RMX	Rubicon Minerals Corp.	\$1.38	\$96.01
CDNX:BMC	Brilliant Mining Corp.	\$1.65	\$94.88
CDNX:RAB	Rambler Metals & Mining PLC	\$1.50	\$60.05
CDNX:MMI	Messina Minerals, Inc.	\$1.46	\$42.25
CDNX:NIS	New Island Resources Inc.	\$0.19	\$7.65

Estimated Burn Rate (C\$) (M)

Estimated Burn Rate (C\$) (M)	Exploration Timetable
November 2006 cash & equiv	\$11.00
Exploration - Ming Mine Project	-\$0.60 Q4
Exploration - Other	\$0.00 Q4
Admin Costs	-\$0.20
Financings	\$0.00
ITM Options / Warrants	\$0.27
Year-end 2006 cash & equiv	\$10.47

Ming & MFZ Schematic Cross Section & 3D View



Source: Haywood Securities X Report

Distribution

This report may only be distributed to non-institutional US clients in the following states: Delaware, Louisiana, Maryland, New York, and Pennsylvania.

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-V).
- 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-V).
- Haywood Securities, Inc. or an Affiliate has managed or co-managed a public offering of securities for Africo Resources Ltd. (ARL-T), Chariot Resources Ltd. (CHD-T), and Katanga Mining Ltd. (KAT-T) in the past 12 months.

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

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.

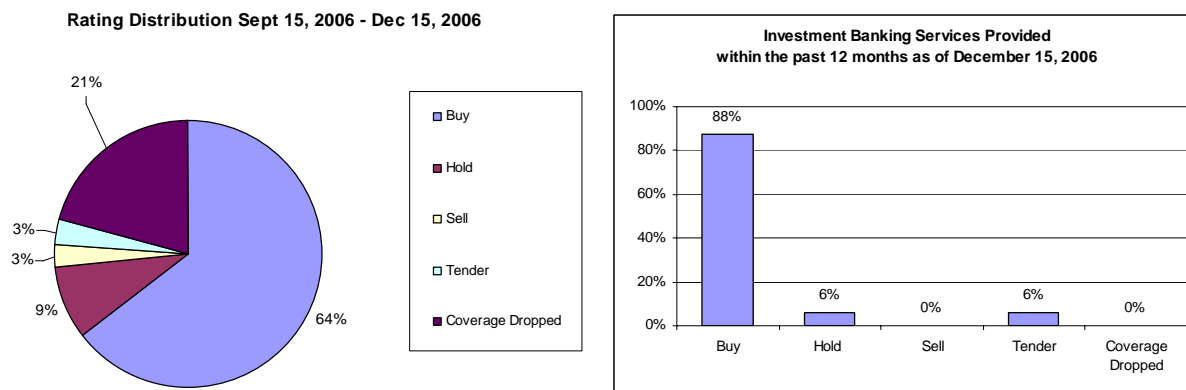
SECTOR UNDERPERFORM – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to underperform relative to their sector. The category also represents stocks with unattractive forecast returns relative to alternative investments.

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.

COVERAGE DROPPED – Haywood Securities will no longer cover the issuer. Haywood will provide notice to clients whenever coverage of an issuer is discontinued. The termination of coverage will not occur unless clients have been provided with advice relating to positions they may still hold, such as a recommendation to sell their securities.

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



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.