Radar Flash

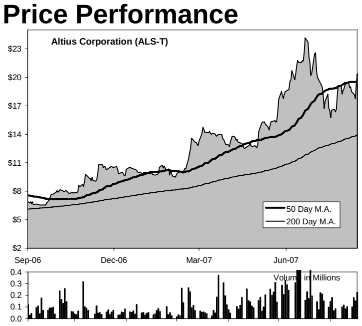
September 14, 2007

Altius Minerals Corporation (ALS-T, $20.39)

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

Target Price	$27.00
Current Price	$20.39
Return	32.4%
Risk Profile:	SPECULATIVE
Forecast Risk:	High
Financial Risk:	Low
Valuation Risk:	High
Political Risk:	Low
52-Week High / Low	$25.00 / $6.40
Shares O/S	28.85 million (basic) 30 million (F/D)
Market Capitalization	$588.3 million
Enterprise Value	$471.8 million
Daily Volume (3 mo avg)	178,831
Company Web Site	Altiusminerals.com
CEO	Brian Dalton

Price Performance



Source: Bloomberg

Rating: SECTOR OUTPERFORM; 12-month Target: $27:00; Risk: SPECULATIVE

Impact: Neutral

Event: Q1 Arrives as Public Comments Period for Refinery Subsidiary Ends, Provincial EIS Decision Due Oct.5

- In its fiscal 2008 first quarter, Altius reported that its stake in Aurora Energy (AXU-T) was reduced by 834,900 as of quarter end (July 31). Subsequent to this, Altius further reduced the holding by 500,000 shares at an average price of $15. The current economic interest in AXU is now approximately 2.75 million shares.

- The timing of the release coincides with a pivotal point on the timeline for permitting of the refinery subsidiary (NLRC). September 14th marks the last day for public comments on the project to be submitted for the EIS. We now look to October 5th, which is the deadline for the provincial decision on acceptance of the Environmental Impact Statement. This should be followed by the Federal decision a few weeks hence. Recall that the Provincial process involves the environmentally sensitive issues in the process and we feel this is the decisive hurdle in the permitting process.

- We continue to view permitting success as likely. In addition to public support, the project appears to have garnered government support. In the recently released *Newfoundland and Labrador Energy Plan*, increasing oil refinery capacity is listed as an important opportunity for the province and NLRC is identified as a candidate. The document goes on to note that the refinery would be a source of significant future employment and 'spin-off' opportunities.

Valuation – Our sum-of-parts valuation sees a hard liquid asset value of over $9 per share. We calculate a conservative NPV valuation for Altius' 37% equity stake in NLRC of $21 per share post dilution, which we adjust down for potential future capital gains taxes. The result provides us with a forecasted NAV for Altius shares of $27

Last Research: June 22, 2007

Holding	Description	Notes	Valuation Method	Estimated Total Value	Value per Share
Current Asset Values					
Cash					
Estimate for tax-adjusted cash and short-term investments less LTD	Primarily generated from sales of AXU-T shares in the market.	Adjusted for estimated capital gains taxes		$116,538,000	$4.04
Royalties					
10% stake in Labrador Nickel Royalty Limited Partnership (LNRLP)	0.3% Net Smelter Return Royalty on the Voiseys Bay Nickel Company (CVRD Inco) project. Applicable to the entire region.	Assumptions for cash flow estimate based on Haywood price assumptions for nickel and copper of $19 and $2.75 in 2007 and $7 and $1.50 long term.	15.0x CY2008E CF. Compare to Haywood valuation multiple of 15x 2007E for IRC and Royal Gold's trading multiple of 24x	$52,835,544	$1.83
2% Gross Sales Royalty on Aurora CMB Uranium project and 2% base metals	Attached to Aurora Energy - below		Pre-feasibility/pre-permitting project with little visibility: value not assigned	N/A	N/A
Public Market Securities					
Aurora Energy (AXU-T) 9.9% equity interest	Central Mineral Belt uranium project in Labrador.	Original stake sold into the market on several occasions throughout 2006. We expect divestment to be ongoing.	*Market value of current holdings (~2.75M shars) plus 2.5 million shares sold forward*	$76,860,130	$2.66
Rambler Metals and Mining (RAB-V) 12M shares	Consisting of a historic copper-gold project in Newfoundland.	Listed on TSX Venture Exchange February 7th, 2007.	Market Value	$14,400,000	$0.50
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	$1,526,500	$0.05
Alba Mineral Resources PLC (ALBA-AIM) 1.9% equity interst	Alba is a base-metals exploration company in Europe		Market Value	$83,648	$0.00
				TOTAL per ALS share	*$9.09*
Incremental Value of Refinery Asset					
Private Equity Interests					
37% Equity interest in Newfoundland and Labrador Refining Corporation (NLRC)	Currently in advanced engineering and permitting stage.	Financial Partners with European venture capitalists. Operating group has global experience with world class projects.	Net Present Value post dilution stake at return to equity finance participants of 15% IRR and 66% financial leverage.	$686,086,994	$21.26
62% stake in a 1 - 10% Sliding scale royalty on gross refining margins of $4 - $20 per barrel	Attached to NLRC	It is undetermined whether this would remain intact post-financing of NLRC. Do not assign to remain conservative.	N/A	N/A	N/A
				TOTAL per ALS share	*$30.35*

Source: Company reports and Haywood Securities

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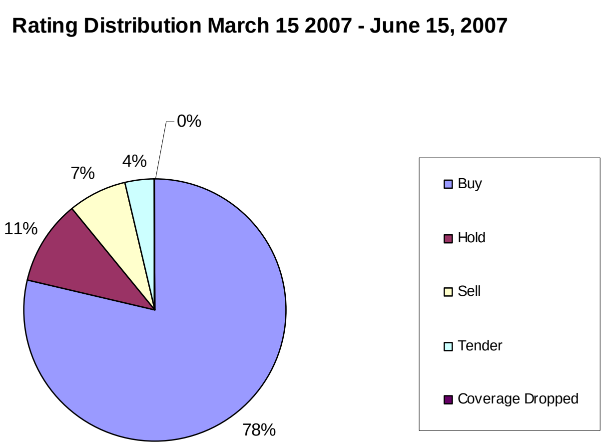

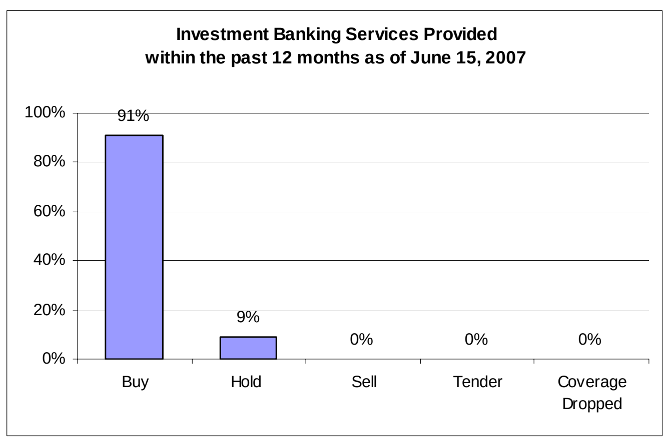

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Risk Profile Parameters – Mining and Minerals Sector

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.

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

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