

8 May 2006

FLASH NOTE

Canadian Mining

BUY**Price** (05/05/06 close) **C\$6.70****Target Price Under Review**
(previously C\$4.70)

Market Capitalisation	C\$190.9 M
Shares in issue	28.5 M
Fully diluted	29.7 M
12 month Hi/Lo	C\$6.84 - 3.17

Listings	TSXV
Bloomberg/Reuters	ALS

Enterprise Value	C\$145.9 M
Cash	ca. C\$45.0 M
Debt	-

Year End 30 June

Major Shareholders:

Management	ca. 20 %
Prudential Bear Fund	6.7 %
Spott	5.7 %
John Togneti	5.1 %
Resolute Growth Fund	4.0 %
RBC Precious Metals	3.0 %



Source: Reuters

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Altius Minerals Corp.**Vision**

- We have recently visited Newfoundland to meet with the management of Altius Minerals, obtain an update on the Company's projects and visit the potential site for its oil refinery project. Progress at all the Company's projects is going exceptionally well.
- Altius has a 37.5% stake in **Newfoundland and Labrador Refining Corporation** ("NLRC"), a newly incorporated private company it has co-founded with investors from Ireland and the UK, including the well respected financiers/entrepreneurs, Harry Dobson, Dermot Desmond and Stephen Posford. NLRC has announced a 3-stage feasibility study to evaluate the economic viability of a 300,000 barrel / day oil refinery at Placentia Bay, Newfoundland and Labrador, Canada.
- The Company's Central Mineral Belt uranium joint venture vehicle, **Aurora Energy Resources** has now been listed on the TSX under the ticker, AXU. We recently initiated coverage on Aurora with a Target Price of C\$6.02/share. Altius sold part of its share in Aurora at the time of the listing raising C\$38.6M. Altius has maintained a 19.9% interest (12.1 M shares) in Aurora, valued today at C\$56.3M. The Company also retains a 2.0% gross sales royalty. Aurora has an aggressive drilling programme for 2006 to further increase its resource at the Michelin Deposit and also further advance several of its other priority targets.
- Altius has a 0.3% net smelter royalty on Inco's **Voisey's Bay** nickel project which commenced production in late 2005. For 2006, Inco expects to produce some 120 Mlbs nickel in concentrate, 65 Mlbs copper and 5 Mlbs cobalt. At these rates, and using current spot prices, the royalty interest would provide Altius with annual pre-tax cash flow in the region of C\$4.5M.
- The Company has a 30% interest in **Rambler Metals and Mines** (RMM:AIM), currently valued at C\$9.7M. Recent drilling at Rambler's Ming Mine project produced excellent results. The three step-out holes all encountered at least three zones of mineralisation all with good grade and width. The best results came from hole RM 06-04c, where the best individual interval was 37m @ 2.14% copper; the sum of the mineralised intervals covered 90 m at an average of 1.9% copper; and the average for the entire section, including the barren intervals in between the individual mineralised intervals was 144 m @ 1.2%. In addition, the process to commence dewatering the historic mine workings to enable further drilling underground is progressing well. This, combined with the continued surface drilling, should enable the company to accelerate its plans to complete a resource calculation.
- The Company has a number of other projects, including the **Rocky Brook** uranium joint venture with JNR Resources (JNN:TSX); the **Meshikamau** nickel project; the **Lower Churchill** hydroelectric royalty proposal; a strategic investment in AIM listed nickel explorer, **Alba Mineral Resources** plc (ALBA:AIM), all of which are progressing well.
- Altius has an exceptional management team whose vision has to date resulted in three exceptional returns on investments, namely the purchase of the Voisey's Bay royalty interest; and the purchase and subsequent development strategies for both Aurora and Rambler.
- We therefore maintain our **BUY** recommendation on Altius and our target price is under review with a significant upwards revision likely.

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Exchange rate(s) used in this report

£1:US\$ - 1.85 US\$1:C\$1.10

Abbreviations used in this report

<i>g/t</i>	- gram/tonne	<i>tpa</i>	- tonnes per annum	<i>JV</i>	- joint venture
<i>M</i>	- million(s)	<i>pm</i>	- tonnes per month	<i>US\$</i>	- United States Dollars
<i>t</i>	- tonne(s) (metric)	<i>tpd</i>	- tonnes per day	<i>£</i>	- British Pounds
<i>Mt</i>	- million tonne(s)	<i>pa</i>	- per annum	<i>C\$</i>	- Canadian Dollar
<i>Mtpa</i>	- Million tonnes per annum	<i>m</i>	- metre(s)	<i>FY</i>	- Fiscal Year
<i>U₃O₈</i>	- hectare(s)	<i>NPV</i>	- Net Present Value	<i>ca</i>	- circa

Material Sources:

- Site visit to Newfoundland in May 2005.
- Notes from meetings with the Company.
- Company Annual Reports.
- Company corporate presentations.
- Company press releases (various).
- Individual Company Websites.
- Bloomberg sourced data for financial information and estimates on comparable companies.

Previous Research on the Company:

<u>Date Published</u>	<u>Recommendation</u>	<u>Target Price</u>	<u>Share Price (at the time)</u>
24 August 2004	BUY	C\$4.70	C\$3.01

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