

*Altius excerpt from*  
**RESOURCE TRADER ALERT by JOHN MYERS**  
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#### **UPDATE ON ALTIUS MINERALS**

I'm excited this week because I have more good news, this time regarding Altius Minerals (ALS: CDNX, C\$0.41).

Altius is currently drilling on its Bumble Bee Bight project in central Newfoundland. The project is located within the Robert's Arm belt, in close proximity to the Pilley's Island Mine that was in production around the turn of the last century. This is the second round of drilling carried out this year by Altius and its partner, Inmet.

Altius believes it may have identified a new mineralized horizon that dips below the old Pilley's Island deposit. Previous owners of the project had assumed that there was only one mineralized horizon, and thus the old drill holes all stopped as soon as they entered the footwall rocks.

Altius now believes that there may be more unexplored mineralized horizons deeper down. Given the size and strength of the mineralized system, a large mineral deposit could be around the corner. One possibility is that the deposit, if it exists, has been eroded off, and the other possibility is that the deposit is still down there somewhere.

Geoff Thurlow, one of Altius' directors, is the foremost expert on Newfoundland's mineral geology. He has been working in Newfoundland for over 30 years and has been involved with the discovery of no less than 18 mineral deposits. If anyone can find this deposit, Geoff Thurlow can.

The geologic details of the drilling program are as follows: The company had thought that the mineralization of rocks were oriented in an east-west plane, dipping to the south. The last round of drilling, however, indicated that the

mineralization dips to the west and is more likely in a north-south plane. The current drill holes are thus further west than the previous ones and will be deeper.

Of significance is the fact that one of the previous holes, while not intersecting economic mineralization, did yield useful geophysical results.

A down-hole Time Domain Electromagnetic (TDEM) survey revealed an off-hole anomaly developing at the bottom of the hole. The hole was subsequently deepened, and an additional TDEM survey indicated that the anomaly continues to build with depth. Significantly, graphite and pyrite, two common conductive minerals, are not known to occur in the Bumble Bee Bight area. A single 10-centimeter, high-grade massive sulfide clast was intersected within a felsic volcanic breccia. A 15-centimeter section of core, including the clast and its unmineralized wallrock breccia, assayed 31.2% zinc, 4.5% copper, 53.8 g/t silver and 0.98 g/t gold. The chalcopyrite-rich clast shows strong electrical conductivity, which is encouraging given the off-hole TDEM anomaly encountered at depth.

The current drill program will include two to three holes, TDEM surveys and could also include deepening the previous hole where the TDEM anomaly was found.

#### **WHY NEWFOUNDLAND?**

Ore deposits are basically anomalies in the mineral distribution of the earth's crust. As such, one would expect to find them in places where there is anomalous activity, such as volcanoes, faults, etc., which leads to very complex geology that develops over long periods of time -- millions of years. Nothing is quite as anomalous or complex as two continents colliding except two

continents colliding twice. Where Newfoundland now lies there were no less than four continental collisions over a period of 250 million years.

Western Newfoundland is the northernmost extension of the Appalachian Mountains. The eastern side of the island is a piece of North Africa that broke off when the Atlantic Ocean started to open some 150 million years ago. But the most interesting part is in between.

The center of Newfoundland is where an ancient ocean once opened around 500 million years ago. This ocean, Iapetus, separated the super continents Laurasia and Gondwana. At its widest, Iapetus could have been larger than the Atlantic Ocean and probably looked like the Western Pacific -- full of islands and volcanic activity. Roughly 100 million years later, Laurasia and Gondwana collided, crushing the Iapetus Ocean in between them. The line that forms the ancient boundary between Laurasia and Gondwana runs right down the middle of Newfoundland and is called the Red Indian Line. It is a major fault zone that formed as a result of the collision.

There is an extraordinary amount of geological activity at the center of oceans, where new oceanic crust is being formed as the ocean expands. At the perimeter of the ocean, where it subducts under the continents, it is equally active, and this is where islands and mountains are formed. Both of these regions, the mid-oceanic spreading centers and the volcanic islands along the perimeter, as well as regions of fold-mountains, have been compressed into a very narrow area, right in the middle of Newfoundland.

Has anything with real value ever been found in Newfoundland? The

Buchans-Robert's Arm Belt lies just to the west of the Red Indian Line, and within it is the Buchans deposit. The Buchans mine operated for 56 years and was one of the most profitable base metal mines ever mined in North America. Buchans consisted of 16 million tonnes of ore containing 14.5% zinc, 7.6% lead, 1.3% copper, and 1.4 grams per tonne gold and 126 grams per tonne silver. At current depressed metal prices that is \$233 in gross metal value per tonne of ore. Assuming that net of smelter charges the ore would be worth \$180 per tonne and that the total cost to produce concentrate should be less than \$100 per tonne, we can do a quick calculation.

If Buchans were discovered today, it would be worth US\$1.3 billion gross with a US\$250 million net present value at a 10% discount rate. It is clear why Buchans was so valuable and why finding another "Buchans" could be enormously profitable.

What does this have to do with Altius? Dr. Geoff Thurlow, also known as "Dr. Buchans", is a director of Altius Minerals and is actively involved with the company's exploration efforts. Dr. Thurlow has been working in the Buchans area for almost 30 years. As mentioned, Altius is the largest mineral rights owner on the island and many of these mineral rights are on the Buchans-Robert's Arm Belt.

Altius currently has 21 projects in its inventory covering the entire island of Newfoundland, as well as parts of Labrador. The mineral wealth in Newfoundland and Labrador is very diverse, and so are Altius' projects.

In Labrador the company is looking for platinum group metals found in layered intrusives, similar to the Sudbury Basin, as well as iron oxide-copper-uranium-gold mineralization, analogous to Olympic Dam in Australia. In western Newfoundland Altius has nickel and uranium projects.

In central Newfoundland the geology is prospective for both high-grade zinc-copper-gold-silver VMS-style

deposits, like Buchans, and epithermal gold deposits.

In eastern Newfoundland Altius is looking for stratiform copper deposits, similar to the copper deposits found in Zambia and the Democratic Republic of Congo. These south-central African copper deposits are without a doubt the largest and richest copper deposits in the world, which is why both Noranda and Phelps Dodge are trying to compete with Altius for mineral rights in eastern Newfoundland. (Competing with Altius is only recommended for masochists.)

How does Altius finance all this? Mineral exploration is an expensive endeavor, and Altius is a small company. But it has superb management and a brilliant business plan, to which it adheres strictly. Altius obtains early-stage exploration projects that have all the qualities necessary to host major ore deposits. Then it tries to understand the geological controls and nature of the potential ore bodies in question, which doesn't cost Altius much money because it is all in-house expertise. Once Altius comes up with a model and becomes convinced of a property's merit, the company seeks a joint venture partner to fund the exploration.

Typically Altius is able to recoup any hard cost associated with the acquisition of the project in addition to having the joint venture partner pay for all of the initial exploration expenses.

By the time Altius has to contribute money to the exploration programs, it should have a very, very good idea of the probability of success and the potential size of a discovery. This way Altius is able to participate in many different exploration programs at virtually no cost.

Typically when a major mining company enters into such joint venture agreements, the major insists on managing the exploration program. But because of Altius' technical and geological skills, and its regional expertise, Altius is in fact the operator of most of its joint

venture programs. This is a win-win situation for both Altius and its partners because there is nobody with more incentive to make a discovery than Altius itself.

So its projects pass stringent internal evaluation by only moving ahead once a joint venture partner has agreed to pay for the exploration, but Altius' projects are also subject to very critical peer review. The joint venture partners must not only like Altius' projects, they must like them enough to put up their own capital for the exploration. The 10 joint venture agreements, covering 12 different properties that Altius signed during the past three years clearly demonstrate its ability, its competence and the resource potential of its projects.

It is one thing to have joint ventures, but the true value of signing a deal is often the quality of the partner you select. In the case of Altius, its joint venture partners are some of the biggest mining companies in the world and include Billiton, Inmet, Noranda and Agnico Eagle. In total, Altius' joint venture partners have agreed to spend almost C\$11 million to earn between 50% and 60% in its projects.

Action to take: If you have not yet purchased shares of Altius Minerals (ALS: CDN, C\$0.41), then do so now. Remember the 10% limit rule I spoke about last week; don't pay more 45 cents Canadian a share. If you need help with purchasing Altius, or you have a question on the stock, call your broker or contact Paul van Eeden at Global Resource Investments, at 800-477-7853 (760-943-3939 locally).

*Yours for Profits,*

**John Myers**