



Feature Story

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Voisey's Bay Royalty and Uranium Exploration Could Drive Altius Higher

By Our Canadian Correspondent.

Utilizing the cost effective project generative model in unison with prudent business moves, Brian Dalton and his team over at Canadian-listed Altius Minerals have been amongst the most imaginative in creating value for its shareholders.

The last time I reported on the company it had just sold its interest in the Rambler copper-gold project in Newfoundland to Rambler Mines Limited, is a newly formed company that subsequently listed on AIM listing in London in conjunction with a net £7.36 million financing at 40p per share. At the end of the day, Altius unlocked the value of an asset investors failed to recognize and ended up with 30 per cent of the issued shares of Rambler Mines.

And while the initial results from the drilling at Rambler were mixed with the holes indicating that the Ming Footwall zone may be widening along its northwest margin, while extensions to the to the southeast indicated an effective edge to the mineralized trend, Altius clearly created value from the spin off. The higher gold grades suggest the potential for better grades at depth but more drill results are needed to get a better over view of the project's potential.

Prior to the Rambler transaction, the company increased its share of revenues from the Voisey's Bay nickel, copper, cobalt mine in Labrador by upping its holding in the Labrador Nickel Royalty Limited Partnership to 10 per cent. The Partnership, owned by Voisey's Bay co-discoverers Al Chislett and Chris Verbiski, has a 3 per cent royalty on Voisey's Bay. Back in June 2003, Altius paid Chislett and Verbiski C\$10 million for a 7.5 per cent interest in that future revenue stream. At the time, the deal was projected

to give Altius a cash flow of C\$1 million a year based on long term prices of US\$3.23 a pound for nickel, US90 cents a pound for copper and US\$7 a pound for cobalt. Today, the prices for all those commodities are roughly double and with concentrate now being produced at Voisey's Bay, Altius' cash flow is not only coming earlier than expected but will also be much more robust than thought. To put it in perspective, Inco estimate its costs to produce a pound of nickel will come in at US\$1.20 per pound and with nickel prices fetching north of US\$7 per pound, well you can do the math.

So moving forward, Altius can use the revenues from the Voisey's Bay royalty to fund its wide array of exploration plays without having to continually go to the equity markets to raise cash. This along with its project generation/joint venture model makes Altius unique among the junior exploration companies.

You see, since 1998 a total of thirty two of its properties have been vended out to the likes of Billiton, Teck Cominco, QNI, Inmet Mining, Agnico-Eagle Mines, CanAlaska Ventures, Linear Resources, Barrick Gold and Cameco. Of course it helps that Altius covers almost all the metal bases with exposure to nickel, copper, silver, zinc, lead, gold and uranium. In the short term, it looks like its uranium deals could spark some excitement over the coming months.

In Labrador, Altius and partner Fronteer Development turned an iron oxide copper gold play into a uranium story. So far, they have identified eight target areas on their very large land package in central Labrador, originally targeted for its IOCG potential. Rock samples assayed up to 13.33% U₃O₈, and returned an average grade of 0.20% U₃O₈. Global average for uranium deposits is around 0.14%. Historically, several hundred copper-uranium occurrences have been documented within the region and the joint venture area just happens to contain two uranium deposits with historic resources of 20 million pounds of uranium. In sticking to its corporate philosophy of limiting risk, Altius and Fronteer Development spun off the assets into a private company dubbed Aurora Energy with an eye on IPOing it down the road. To fund the initial exploration Fronteer Development has taken the lead role by funding the initial program in return for a controlling interest of 57 per cent. The cost to Fronteer is an additional C\$2.5 million worth of Aurora shares. That means that Altius, with a 43 per cent interest can sit back and watch the results from the just started 13,000-metre drill program in a win-win position.

The drill rig is also turning on Altius' Rocky Brook property located in western Newfoundland. Junior JNR Resources, which can earn a 70% interest in the by spending C\$2.525 million over four years and by making cash and share payments to Altius, is funding about 100 short drill holes to find the source of high-grade boulders, where previous sampling reported assay values ranging from 1% up to more than 10% uranium oxide (U₃O₈).

With cash starting to come from Voisey's Bay, drilling ongoing at Rambler and a couple of high profile uranium plays unfolding, the next few months should prove interesting for Altius shareholders. But if the activity is not enough, Altius continues to keep investors on their toes by staying on the cutting edge of innovation for junior exploration companies. Most recently, Altius made the evaluation list for the possible development of the 2800-megawatt Lower Churchill River hydroelectric project in Labrador. A proposal by Altius to create a royalty trust that would acquire a gross electricity sales based royalty interest in the Lower Churchill development, has been chosen for more substantive evaluation and discussion. Will it make it through the lengthy governmental procedure to realty? Only time will tell but in the meantime, shareholders have enough to look forward to.