
EXCERPT FROM
MARKET VOLATILITY WILL LIKELY BOLSTER GOLD PRICE FURTHER

'If you're willing to take some risk and want leverage, buy a basket of intermediate gold producers with strong balance sheets.'

By Thomas Schuster

The Northern Miner asked several followers of the junior mining sector for their stock recommendations for 2003. In this, the last of three installments, we asked newsletter publishers Paul van Eeden and Lawrence Roulston for their views.

Paul van Eeden

The publisher of the International Spectator is confident the industry will strengthen in the current year but believes it is futile to try to predict short-term commodity prices.

"Doing so is nearly impossible," he says, "and that means you can't make money at it. However it is possible to look at long-term trends."

Van Eeden feels that the pressure on the U.S. dollar will continue as a result of the trade deficit that exists in the U.S. "The trade deficit leads to a balance-of-payment deficit, and until the balance of payment deficit reverses, the pressure on the dollar will continue. I suspect we still have maybe another fifteen to twenty per-cent down on the dollar, which roughly translates to a fifteen to twenty per-cent increase in the price of gold. That takes gold to the US\$450-per-ounce range, give or take."

Van Eeden's philosophy for buying mining stocks is based on risk tolerance. "If you are really averse to risks, buy physical gold. However, if you are willing to take some risk and want some leverage, buy a basket of intermediate gold producers that are unhedged with strong balance sheets and competent management teams. Look for companies with good capital structure, minimum dilution, and the ability to generate projects and form joint ventures."

He recommends Altius Minerals (als-v) at \$1.85. The company operates in Newfoundland and Labrador, and has joint ventures with Cameco

(cco-t), Barrick Gold (abx-t), Inmet Mining (imnt) and Sudbury Contact Mines (sud-t).

In Newfoundland and Labrador, the junior holds exploration rights to more than 40 properties covering 1,100 sq. km. These include Botwood Basin (gold), Central Newfoundland (volcanogenic massive sulphides), Deer Lake Basin (uranium), Avalon (copper-gold) and Plateau (nickel).

At Botwood Basin, Altius has developed targets for both low-sulphidation epithermal and Carlin-type sediment-hosted gold mineralization. These targets have been identified along three regional trends known as Mustang, Moosehead and Miguel.

The 100-km-long Mustang trend, in the eastern part of Botwood Basin, is prospective for sediment-hosted deposits. In December 2001, Barrick formed a joint venture with Altius to explore and develop the Mustang trend. In January of this year, the major entered the second stage of the agreement, which ensures another active year of exploration. Barrick funded reconnaissance exploration on 10 licences last year. Exploration during the first half of 2003 will focus on defining drill targets in three areas of gold mineralization.

Barrick can earn a 75% stake in the project by funding all exploration costs and by making annual cash payments until a production decision is made. Altius can then elect to have Barrick arrange its share of any required mine development financing in exchange for an additional 5% interest.

At the Moosehead trend, a low-sulphidation epithermal target, Altius is in a joint venture with Sudbury Contact Mines. Highlights from drilling include 2.8 oz. gold per ton over 5 ft. in hole 13, 5.0 oz. gold over 5 ft. in hole 23, and 0.41 oz. gold per ton over 55 ft., including 3.67 oz. gold over 6.6 ft., in hole 38.

This year, an initial 12-hole drill program will test the area downdip and along strike of hole 38. Also, geochemical and geophysical work will be expanded and reverse-circulation scout drilling will test more targets.

Sudbury Contact can earn an initial 51% in the Moosehead property by spending \$800,000 on exploration and paying Altius \$100,000 over three years. It can then increase its interest to 60% by spending an additional \$1 million and paying \$50,000 to Altius over two more years.

The Miguel trend covers ground that has the potential to host both sediment-hosted and epithermal vein mineralization. The Paradise Lake, Rolling Pond and Chiouk Brook properties are situated along this trend and are the subject to an agreement that allows CanAlaska Ventures (cvv-v) to earn an initial 51% stake in the properties by spending \$1 million on exploration and paying Altius \$110,000 and up to 500,000 shares over four years. Once CanAlaska can then expand its interest to 60% by spending an additional \$500,000 over two years and paying up to 250,000 shares. In order to boost its interest further, to 70%, it must complete a positive bankable feasibility study, and to boost it to 75%, it must fund all remaining costs up to a production decision.

The partners recently tabled results from 11 short diamond drill holes on the Chiouk Brook property. The program targeted the source of silicified and mineralized sedimentary boulders that returned assay values as high as 20.5 grams per tonne gold. A total of seven of the 11 holes cut quartz-arsenopyrite mineralization that was similar to that found in the boulders. However, the drill intercepts were low-grade, which suggests that the source of the boulders has yet to be discovered.

The Central Newfoundland VMS project comprises three properties: Rambler, Robert's Arm and Tally Pond.

High-grade copper and gold deposits at Rambler were mined until workings reached a neighbouring property. No agreement could be made to acquire the adjacent ground, and the mine was shut down. Altius now holds that ground and is in a position to test for the

continuation of several deposits that are known to extend to the old property boundary.

Altius and partner Inmet are exploring the Robert's Arm base metal property. Recent drilling has identified thick sections of VMS-style alteration. In one hole, massive sulphide fragments assayed more than 30% zinc and 4% copper.

Altius also controls a large land position in the Tally Pond VMS belt, where limited drilling identified copper-zinc mineralization. Several targets are at the drill-ready stage, awaiting follow-up work.

The Deer Lake Basin uranium project hosts the Rocky Brook property. Boulders bearing high grades of uranium, silver and gold were sampled, and assays from these boulders returned up to 11.5% U₃O₈, plus 860 oz. silver and 0.5 oz. gold per ton. Altius hopes to trace the boulders back to their source. Cameco inked a deal for an initial 55% interest in the project in return for spending \$1.8 million and paying Altius \$130,000 over four years. It can then earn an additional 10% by spending \$1.7 million on exploration and paying \$100,000 to Altius over two more years. The partners recently completed a high-resolution airborne magnetic survey, which identified shallow magnetic targets close to the boulder occurrences.

Meanwhile, Altius has been exploring the Avalon copper project, in the eastern part of Newfoundland, for "Red-Bed" copper deposits and Olympic Dam-type copper-gold deposits.

Following the discovery of high-grade nickel-copper-cobalt-PGM occurrences near Taylor Brook, in western Newfoundland, Altius acquired ground in the area, which it has dubbed the Plateau nickel project. Results from 11 grab samples from the Layden prospect averaged 5.38% nickel, 1.05% copper, 0.1% cobalt, 112 parts per billion platinum, 232 ppb palladium, and 416 ppb gold.