

RESOURCE OPPORTUNITIES

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Altius Minerals Corp.

(ALS:TSXV)

Extracted from the June 2003-2 Issue

Altius Minerals Corp. (ALS-TSXV)

Altius recently signed an agreement to buy a portion of the royalty interest on the massive Voisey's Bay nickel deposit. Inco paid C\$4 billion in 1996 to buy the 75% of that deposit that it did not already hold. Development of the project was then held up by wrangling between the world's number-one nickel producer and the provincial government of Newfoundland and Labrador.

Once the final road blocks were cleared and development of the project finally seemed assured, Altius moved quickly to secure 7.5% of a 3% production royalty held by the original property owners. The deal includes an option by Altius to boost its interest to 10% and an option granted to the vendors to buy 750,000 shares of Altius at prices ranging from \$2 to \$4 over the next 3 1/2 years. That back-to-back option arrangement is intended to provide Altius with the cash to increase its ownership in the royalty.

The holders of the royalty, while wealthy on paper, were faced with another two and a half years before they would begin to receive cash. For

Altius, the deal provides a long term stream of cash flow to fund its ongoing exploration work. The news release announcing the deal refers to an expected annual cash flow that *"would be well in excess of C\$1 million per year"*.

The amount of the royalty is heavily dependent on the future nickel price and the production level achieved by Inco, but suffice it to say that there is a lot of upside potential from the figure announced by Altius prior to the closing of the deal.

Altius is one of the few companies that is able to pull off a deal like this. The company has earned enormous respect as an exploration company, trading around C\$1.70 per share prior to announcing the deal. That respectable share price enabled the company to finance the acquisition without undue dilution to shareholders. (The C\$10 million financing has yet to close, but appears likely to be successful.)

Altius won't see cash from the royalty until the Voisey's Bay mine is in production, which is now projected around the end of 2005. The company has cash on hand to fund its generative exploration efforts for the next

two and a half years at its current burn rate.

Altius has 40 active exploration projects, all in Newfoundland and Labrador, with an impressive 15 projects receiving funding from joint venture partners. The most visible of those joint venture projects is Altius' dominant position in the Botwood Basin trend. Barrick is now well into its second year of funding on the Altius properties in central Newfoundland, with the target being a district-scale gold occurrence.

Altius' share price gained steadily over the past couple of years as its project portfolio advanced and shareholders gained an increasing appreciation of the intelligent exploration strategy employed by this company. The share price shot up following the announcement of the royalty acquisition, which coincided with the company's campaign to raise the C\$10 million financing. It appears that at least a few of the investors and analysts being pitched are paying attention.

Simply put, Altius will soon have an unending supply of cash flow with which to keep feeding new projects

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