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RESOURCE OPPORTUNITIES

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Altius Minerals Corp.

(ALS:TSXV)

Extracted from the March 2003-2 Issue

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(ALS-TSXV)

Drilling results from the winter program on Altius' Moosehead property were disappointing to investors, but encouraging to the company's joint venture partner: Sudbury Contact Mines, an exploration affiliate of Agnico Eagle, has doubled the exploration program planned for this year on the Moosehead project.

All of the holes intersected the targeted fault zone, with favorable indications for gold, but only a few narrow low-grade intersections were encountered. Work this year will focus on identifying additional targets along the three main mineralized structures on the property, and will again be funded by Sudbury Contact.

The Moosehead project is an offshoot of the Botwood Basin Project that was initiated by Altius. Barrick is currently funding work on the main trend to earn an interest from Altius. The potential of this project is a district-scale gold play.

This aggressive junior has an extensive portfolio of high-quality exploration projects in Newfoundland. The company, together with Fronteer Development Group has also recently initiated an exploration program in Labrador aimed at iron-oxide-copper-gold deposits. The search for that deposit type has become popular due to the enormous size potential.

Altius remains one of my favorite exploration companies and the recent dip in the share price has presented an attractive buying opportunity.

Price March 28, 2003: C$1.61
Shares Outstanding: 16.1 million
Market Cap: C$25.9 million
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Editorial:

The investors, or more accurately the speculators, who were buying gold in anticipation of the war in Iraq bailed out as soon as it became evident that the situation would not evolve into a wider conflict. As a result, the gold price has fallen back to the $330 level where it was last December. You can see from the chart that gold is on an uptrend, with periodic spikes and pullbacks.

A quick look at the demand numbers for the gold market tells the story. The investors / speculators represent merely 10% of the gold market. Even though they are a small part of the overall market, investors tend to act in concert, buying and then selling en masse. This activity creates the spikes and pullbacks.

The biggest component of the physical market for gold is jewellery, accounting for 80% of total demand. Last year total demand for gold was 3,414 tonnes or 106 million ounces, down from 3,770 tonnes in 2001.

The higher price of gold and weak

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economies in much of the world depressed jewellery demand by 11% last year, representing the biggest component in the decline in demand. That weakness almost certainly continued into the first part of this year. Jewellery demand appears to be picking up again, now that the gold price has fallen back to the $330 level.

The biggest upside factor on the gold price last year was producer de-hedging. In 1999, producers supplied 15 million ounces of gold to the physical market by way of increases in hedges. Last year, producers *absorbed* nearly 11 million ounces. That swing of 26 million ounces was the biggest driving force in the gold market last year.

Producers still have more than 80 million ounce of gold hedged – more than a full year of global production. As a result, producers will remain a strong force in the gold market. Investor sentiment is continuing to force the producers to buy gold to settle hedges, which they do when the price is at the bottom of the trading range. However, financial prudence will see producers continuing to take advantage of spikes in the market to lock in what they see as a favorable price.

The combination of stronger physical demand and producer de-hedging is creating a floor near $330. The bad news is that spikes will get knocked back by the double whammy of producer selling and physical buyers stepping back from the market when the price moves up.

There is some concern that producers could switch to a hedging strategy again if there is a perception that the price will break through the support level. As each company in turn piles on its forward sales, the price could accelerate downwards. Let's hope that the gold industry does not again turn into lemmings racing to jump off a cliff, as happened after 1997. Producer hedging was the biggest downward force in pushing the price down to the $252 level.

Much attention is focused on the investor/speculator segment of the market. Remember, that is only 10% of the market. If the jewellery market simply gets back to last year's level, the increase would equate to nearly the entire investor segment.

As gold is denominated in U.S. dollars any decline in the value of the U.S. dollar translates into a gain in the price of gold. In essence, gold is a global commodity, and most of us are used to seeing the price denominated in U.S. dollars, but gold is bought and sold in various currencies around the world.

The short term speculators drove the gold price to its recent high of $390, and their retreat pushed the price back down. With the speculators now largely out of the way, the gold market should get back to long-term fundamentals, which is a bullish situation.

The near-term is likely to continue to deliver surprises and volatility. More than ever, it is important to buy gold equities which have prospects of gaining in value for reasons independent

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of moves in the gold price. That is, look for companies that are expanding or advancing gold deposits, or companies with the best prospects of making new discoveries.

About the Editor

Resource Opportunities is dedicated to giving investors practical, objective and specific recommendations on small and mid-sized companies with exceptional growth potential. Resource Opportunities has an excellent record picking junior resource stocks and is well respected in the resource industry. It is published by Lawrence Roulston, a mining industry professional with 25 years of hands-on experience.