

# Exploration Insights

Turning Rocks into Money



## Exploration Insights

NLRC seeks creditor protection

**Altius Minerals (ALS.TSX: ~ C\$6.40) - -BUY up to C\$7.00**

*NLRC Seeks Creditor Protection*

- 31 million shares outstanding

Altius was informed yesterday that Newfoundland and Labrador Refining Corp. (NLRC) is seeking creditor protection under the Bankruptcy and Insolvency Act. This action was necessitated when SNC Lavalin served NLRC notice seeking to have NLRC judged bankrupt. SNC is a contractor providing environmental and engineering services. This is a lawsuit that could and probably will take a long time to work through the courts and ultimately result in the sale of some or all of NLRC's assets. There is no way of knowing how this will play out. Because this is a legal proceeding Altius is unable to provide any more detail than was included in the news release.

Altius Minerals is not at risk or liable in the suit. The lawsuit is only directed at NLRC. NLRC will have roughly six months to get its financial house in order under the supervision of an auditor.

Altius has invested C\$22 million in equity and C\$30 million in a convertible debenture secured by NLRC assets. At worst, Altius stands to lose all of the C\$52 investment in NLRC. The question now becomes what is the rest of ALS worth without NLRC?

Altius has:

- Approximately C\$170 million in cash as of Jan 31, 2008. The liabilities in the annual report relate to forward sales of Aurora Energy and are tax related and have no net effect on the cash position.
- A 0.3% net interest in the Voisey's Bay Royalty held by Labrador Nickel Royalty Limited. In 2007 ALS realized about C\$4.5 million in revenue less 20% royalty tax- that comes to C\$3.60 million. Assuming \$4 million over 20 years at a 5% discount comes to ~C\$50 million.
- A 2% gross uranium sales royalty and 2% net smelter royalty on base and precious metals through Aurora Energy's Central Mineral Belt properties. Construction of the uranium deposit has been delayed so I will give it not value here.

- Approximately 24% of Rambler Minerals which at C\$1.00 per share is worth ~C\$10 million.
- An Exploration business that includes a number of joint ventures and evolving hydroelectric, iron ore, oil shale, potash and base and precious metal projects. On a comparable basis and given the management's past success I would value this at C\$60 million.

Putting it all together gives us ~C\$290 million in value. With 31 million shares outstanding, that equates to C\$9.67 per share in value without NLRC. The most subjective value in this price is the \$60 million for the company's business. Even if we halve the value for the exploration business to \$30 million ALS appears to be worth ~\$8.60 per share.

I have no idea how this lawsuit will play out. I do however trust Altius management to continue intelligently building their business.

Brent Cook

*Brent owns shares of Altius.*

This letter/article is not intended to meet your specific individual investment needs and it is not tailored to your personal financial situation. Nothing contained herein constitutes, is intended, or deemed to be -- either implied or otherwise -- investment advice. This letter/article reflects the personal views and opinions of Brent Cook and that is all it purports to be. While the information herein is believed to be accurate and reliable it is not guaranteed or implied to be so. The information herein may not be complete or correct; it is provided in good faith but without any legal responsibility or obligation to provide future updates. Research that was commissioned and paid for by private, institutional clients is deemed to be outside the scope of the newsletter and certain companies that may be discussed in the newsletter could have been the subject of such private research projects done on behalf of private institutional clients. Neither Brent Cook, nor anyone else, accepts any responsibility, or assumes any liability, whatsoever, for any direct, indirect or consequential loss arising from the use of the information in this letter/article. The information contained herein is subject to change without notice, may become outdated and may not be updated. The opinions are both time and market sensitive. Brent Cook, entities that he controls, family, friends, employees, associates, and others may have positions in securities mentioned, or discussed, in this letter/article. While every attempt is made to avoid conflicts of interest, such conflicts do arise from time to time. Whenever a conflict of interest arises, every attempt is made to resolve such conflict in the best possible interest of all parties, but you should not assume that your interest would be placed ahead of anyone else's interest in the event of a conflict of interest. No part of this letter/article may be reproduced, copied, emailed, faxed, or distributed (in any form) without the express written permission of Brent Cook. Everything contained herein is subject to international copyright protection.