



Rick Rule Interviews ALTIUS MINERALS CORPORATION

April 1999

Altius Interview Transcript

Rick: The first question Brian, goes like this - we're looking for value. What do you imagine the current liquidation value of your company is versus the current market capitalization and what assets do you have that you assign value to?

Brian: The simplest measure of the value of Altius may be the value implied by our five joint venture agreements. Our partners include Billiton and Teck who have negotiated market terms for these projects. These companies can earn their interest by making expenditures and payments that, for the five projects, total \$6.73 million. This implies a value of \$4.94 million for Altius's property interests. Let's apply an arbitrary 30% discount to this figure leaving a total property value of \$3.80 million. We have seven other projects in which we hold 100% interest but let's assign a value of zero to those. Altius has \$0.5 million in cash which when added to the property value totals \$4.30 million. Altius has 9, 201,667 shares issued so a value of \$0.47 per share can be calculated. Using the 10 day closing average of \$.315 the company has a market capitalization of \$2.90 million.

Rick: That's an excellent answer. And by the way your idea of valuing the stub of a property interest earned by a major by calculating their interest in it - is I personally believe the best way to value exploration interests. So I appreciate your straightforward kind of answer and it's nice to see somebody that's selling at an easily defensible liquidation value.

Brian: Thanks.

Rick: Yes. The second question goes to people - you have these properties. In the context to the fact that mines are made as opposed to just found - tell me something about your management and directors. Especially their past successes in business, mining and in markets.

Brian: As young mineral industry entrepreneurs Roland Butler and I have been developing properties and dealing them to majors like Phelps Dodge and Savage Resources as well as dozens of juniors for nearly a decade. We both have experience working on gold and

base metal projects for major mining companies but we would rather deal projects to them! I have been involved with running several successful private exploration companies that did very well during the early stages of Voisey's Bay activity. As for our directors, let's begin with Dr. Geoff Thurlow. Geoff is one of the most highly regarded experts on VMS base metal deposits in eastern Canada as a result of an excellent exploration track record. This includes the co-discovery of one of the richest VMS deposits in Canada that proved very profitable for ASARCO. Mohan Vulimiri holds a Masters Degree in geology and has 25 successful years of international epithermal gold exploration to his credit. He has been a director of several VSE and TSE listed explorers. John Baker is a partner in a leading law firm who specializes in natural resources and securities law. He has also held directorships in TSE listed companies.

Rick: And that's the lot of them?

Brian: That's it.

Rick: Okay. I think it's worth noting that your background is in Atlantic Canada. It's not as though you learned in Nevada but now you're trying to explore in a different geographical and geological terrain. Is that not true?

Brian: We know the geology and the people, particularly the prospectors, of Newfoundland. This focus on an area we know so well provides all sorts of competitive and strategic advantage.

Rick: Good. Now the question that the promoters love to hear. This goes in a sector catalyst I guess - but how are you going to make me money on this deal? When will I make it? What is the story? Why should somebody buy Altius and why should they buy it now?

Brian: Each time we enter a joint venture agreement the value per share increases. We combine good geological ideas with small amounts of money to create numerous projects for potential joint venture partners. Effectively, our shareholders gain exposure to several exploration dollars for every dollar we invest. This provides more chances for major discoveries. In that we farm out the early risk there is very little downside in the company at current prices. We figure our shareholders will not want to sell just because of poor results on any one project because they know that another opportunity for discovery is right around the corner.

Rick: Your big idea right now, the idea that seems to have the exploration community excited is an idea of a geological concept that's relatively new to Eastern Canada. That is the fact that there's a chance for epithermal gold. Perhaps you can talk about your company in the context of generating this idea and what this ongoing process can mean for shareholders in the short and intermediate term.

Brian: Yes you're right. This new concept has been generating

quite a bit of excitement within the geologic community. The Majors seem quite intrigued by the possibility of a new, previously unexplored epithermal gold district that isn't parked in some dictator's jungle. We developed the concept based on some new science and as a result we control the dominant land position. Teck has been the first major to enter the area in support of our ideas and we are working hard to attract the investment of other major gold companies.

Rick: How much money do you expect to spend by your joint venture partners - that's currently committed in terms of this epithermal search?

Brian: As a minimum I expect to see Altius and its partners spend a half million dollars on these epithermal targets this year. This goes a long way given the infrastructure and competitive service industry located in central Newfoundland. Don't forget that we hold several base metal projects in Newfoundland as well and that two of these are currently being explored through joint venture funding. We anticipate completing additional agreements for gold and base metal properties as the year progresses.

Rick: That's nice. The next question is - That's what you've done for me lately. What are you going to do for me next? Tell me about your goals and strategies in as specific of a manner as you can. If it's new generative stuff what are the ideas, what are the targets, who are the customers - how are you going to grow the company from here?

Brian: You've got to remember that this company only got full resource listing on the Alberta Exchange just a year ago this month. From a standing start, we sold five joint ventures so we think our first year has been a pretty good one for our shareholders. The goal we're now focusing on is making this company a strong stakeholder in the greatest number of high-quality exploration opportunities as possible.

The strategy we're using to achieve this goal involves farming out the early risk on several projects. We know of no better way to improve the probabilities of discovery and to create wealth as rapidly as possible while maximizing the eventual per share value.

We are continuously identifying significant new opportunities for both epithermal gold and VMS base metal mineralization. These are two of the most sought after deposit types worldwide and therefore the list of potential customers is extensive.

Rick: So you're sticking to being the classical prospect generator?

Brian: Sure, we see a void in this portion of the minerals industry food chain right now and think we are particularly well suited to fill it. I like the eventual margins that result from success at the early stages of an exploration program.

Rick: Well as you know I personally think that's the exploration strategy. Little companies such as Southwest Gold have grown that way.

Brian: Yes, that company is one we like to model ourselves after. They have set the bar very high in showing how this business plan can be successfully executed.

Rick: You know, at our firm we had the very good fortune to back Ross Beatty for six years in Equinox with a business that was identical to that.

It resulted in raising over some years 17 million dollars in investor equity, matching that with 85 million dollars in industry expenditure. And selling the 17 million part, which was the shareholders stake for 125 million dollars. It was a very pleasant exercise for all concerned.

Brian: Again, a great group, a great strategy and further assurance that what we are trying to do can result in spectacular success.

Rick: The next question goes to money - How much money do you have? How much money are you going to need to prosecute this business plan and make me rich? And where are you going to get it?

Brian: We currently have a cash balance of \$500,000, which is sufficient to operate our business plan effectively for at least a year and perhaps longer if this bear market continues. We are focused in what is probably the lowest cost jurisdiction in the Americas. Last June, we raised \$200,000 as "opportunity money" in a private placement involving two primary investors. As a new group, we had no track record for these investors to rely upon. Their astute judgement and early recognition of the potential explains the investment. We leveraged by completing five joint ventures on properties acquired and developed with the private placement proceeds. Recently, we raised \$335,000 in a private placement that included some investors from the previous placement. Altius will continue to raise "opportunity money" from the equities market and secure exploration financing through earn in/joint venture agreements.

Rick: And I'm sorry - you believe that the ½ million that you have in the treasury is sufficient to last you for a year.

Brian: If need be it's more than enough. Most of our projects are fully financed for the foreseeable future by our partners and our cost of generating new projects and joint venture arrangements has been quite low to date.

Rick: What's your approximate monthly burn rate. You know general administrative burn rate?

Brian: We currently require between 15 and 20 thousand dollars to

cover our administrative and overhead costs on a monthly basis.

Rick: And that's Canadian dollars?

Brian: Yes.

Rick: And then do you recoup any overhead from your joint venture partners?

Brian: In some cases we have been able to recoup some overhead costs but generally our objective in negotiating is to try to recover the direct acquisition and development costs associated with the particular property.

Rick: Who owns the company? Who are the big shareholders? How much did they pay for their shares? And when are they free to sell them?

Brian: The directors and management group own 54% of the company. A handful of key shareholders comprised of friends, family and associates collectively own about 25%. This group includes well-respected investors such as Allen Yung, John Tognetti and Hugh Mogensen all of whom have been supporting us from Day 1. The remaining 21% is widely held. One third of the management stock is set for release now with the remaining two thirds to be released over the next two years.

Rick: And the rest of the stock is all free. Free Trading.

Brian: Of course the IPO stock is free trading but the stock that was issued during private placements completed in June 1998 and March 1999 is subject to one-year hold periods.

Rick: Okay. What about promotion? What would you see was your message? Who do you see as your audience? What do you see as the messenger - in other words who else are you going to tell this story too? How are you going to tell it them? And when?

Brian: We have developed a good story and now have the job of ensuring that it gets out. Altius went public last year under very difficult market conditions, but we set some goals and we accomplished them. We have received some free exposure to our joint venture partners shareholder base through news releases. Several well-known newsletters have recently picked up on our story. For example, we made John Kaiser's "Top 100 Bottom Fish" list for 1999 and Laurence Roulston's "Resource Opportunities" February issue. Altius has also received regular coverage in mining publications such as The Northern Miner. Interested investors will soon be able to access the company's website and other information through Stockscape. We have recently established contact with key mining analysts, retail brokers and select institutions. We'll have a booth at the Investor's Exchange at the upcoming PDAC convention in Toronto for the first time. Finally, though Altius hasn't yet been profiled at US industry shows, we

plan to attend some of the key ones in the US later this year.

Rick: Good. Brian, despite your youth you've been around minerals and investment industry really for quite some time, seemingly since you were in diapers. From your perspective - what can go wrong? What are your key worries and what are you doing ahead of time to allay your own fears, which revert to those worries?

Brian: There is always a possibility that we will not be able to maintain the current pace in generating new joint ventures and some of our existing deals may be terminated unexpectedly. There is also some uncertainty about how long it will take to achieve significant exploration success within our property portfolio.

The only way we know how to deal with these risks is to continue to work very hard while maintaining our focus. We've come through the past year pretty good so we have a positive outlook for the future.

Rick: Who is the investor relations contact in the company? What living, breathing human being can retail investors, in particular contact a) to develop an initial impression of the company but more importantly to sustain their knowledge in the company?

Brian: I guess the question you're asking is, who are the promoters. I think the best promoters are happy shareholders. I count myself as one the largest happy shareholders and I enjoy interacting with existing and potential investors and invite everyone to call or seek me out at the investment shows. Deborah Thiel, the company's Corporate Development consultant, has a keen sense of marketing and of the merits of the variety of appropriate promotional tools available given the market conditions of the day. She has extensive contacts within the brokerage and institutional community and these have already proven to be a key asset. Roland Butler is a forthright and passionate speaker given a technical audience such as company geologists interested in an Altius property or mining analysts/letter writers seeking an overview. Geoff Thurlow is an internationally recognized volcanogenic massive sulphide expert who has a wide audience of major company contacts we will utilize. Those who wish to contact Altius may do so through the web (www.altius.nf.net), by telephone (709-576-3440) or fax (709-576-3441). Please direct inquiries or requests through either Deborah or myself.

Rick: And do you have a toll free number?

Brian: Not as yet but we'll gladly accept collect calls in the interim.

Rick: Okay. Okay - the last questions is - what did I forget to ask?

Brian: Thanks for the interview Rick. I think your questions have allowed us to capture the essence of Altius. The only other thing I'd like to mention is that we deliver what we say we will and work as

hard as it takes to meet our objectives. We are truly devoted to making the Altius story a success story.

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