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Altius Minerals Expects First Tranche Of Royalties From Voisey's Bay Well Ahead Of Original Schedule

Brian Dalton, chief executive of Canadian listed Altius Minerals, is one of those people who seems able to keep many projects on the go without ever appearing to be hurried, or harried. When he spoke to Minews from Paris last week, however, he did not attempt to disguise his pleasure that he had been proved right with his purchase of the Voisey's Bay royalty, but only now is it clear just how right he was. In mid September Inco announced that it had been successful in producing concentrate at the project and was on target to see the first shipment of concentrate from the Voisey's Bay project this month, well ahead of the original project schedule. This means that Altius will be the recipient of an initial tranche of this royalty early next year.

It was back in June 2003 that Altius paid C\$10 million for a 7.5 per cent interest in the 3 per cent royalty net smelter royalty owned by a friend of Dalton's. At the time, the deal was projected to give Altius a cash flow of US\$1 million a year based on long term prices of US\$3.23 a pound for nickel, 90 cents a pound for copper and US\$7.00 a pound for cobalt. Today, the prices for these commodities are roughly double and Altius has increased its interest to 10 per cent. Cash flow therefore is not only coming earlier than expected but will also be much more robust than originally anticipated. To put it in perspective, Inco estimates its costs to production costs to be around US\$1.20/lb and despite the fact that the nickel price has fallen in recent months it is still well north of \$5.00 per pound.

According to Peter Jones, President and COO of Inco, "Nickel concentrate from Voisey's Bay will dramatically decrease our need for external feed and will have a very positive impact on Inco's cash flow and overall costs of producing nickel. Production at Voisey's Bay will ramp up over the coming months and is currently expected to total approximately 110 million pounds of nickel in concentrate in 2006. The project will also produce cobalt and copper, including copper in concentrate." Encouraging words for Brian Dalton to hear, and he went on to say, "We believe that underlying nickel demand remains strong and we see limited supply growth at least for the next two years. Given these market factors, we expect that tight market conditions for nickel will continue into 2006."

The other interesting aspect at Voisey's Bay from the Altius viewpoint is that Inco has launched an aggressive exploration campaign and several significant deposits have already been found on the property along a five-kilometre trend. The most important of these deposits according to

Inco has been dubbed the Ovoid and it is a near-surface accumulation of high-grade massive sulphide which could be mined by open pit. Other deposits include Discovery Hill which is contiguous with and west of the Ovoid. It consists mainly of disseminated sulphides with narrow veins and stringers of massive sulphide. Eastern Deeps, just to the east of Ovoid, extends from a depth of 500 metres to nearly 1000 metres at its eastern end and is characterized by a basal massive sulphide zone partially surrounded by disseminated sulphide.

Brian Dalton sees particular potential at Reid Brook which is west of Discovery Hill and is a sheet-like body that plunges eastward from the near surface to depths of 1500 metres. Inco seems to be playing this one pretty close to its chest, but suggestions of a resource at this early stage of up to 70 million tonnes at 3% nickel have been mooted. Inco is also staking more ground south of Voisey's Bay and any successful discoveries would also be covered by the royalty. But Altius is not just about the Voisey's Bay royalty, it also has a diverse portfolio of exploration properties that are largely funded by senior joint venture partners and holds strategic stakes in Aurora Energy and Rambler Metals and Mining.

Rambler Listed on AIM earlier this year after acquiring the Rambler copper gold mine, which lies on the Baie Verte Peninsular in Newfoundland and Labrador, from Altius. This mine is a past producer reportedly treating 2.1 million tons of material grading 3.5% copper, 1.0% zinc, 2.4 g/t gold and 20.6 g/t silver from 1971 to 1982. Ore was accessed from a shaft that extends to more than 2000 feet and the deposit is reportedly open below the 2600 foot level. Since it listed, however, remarkably little news has been forthcoming as the company has been drilling deep holes around the edge of the mineralisation. Now this has been delineated it will commence in-fill drilling with a view to an initial resource estimate in 2006. Harry Dobson, the chairman, mentions in passing that the difficulty of getting assays back from labs in timely fashion has slowed down the newsflow.

In the meantime Altius is starting to get the benefit of some very encouraging assay results from the Central Mineral Belt uranium project in Labrador being drilled by Aurora Energy which is a company owned by it and Fronteer Development. Fronteer is operator and is funding the 2005 exploration programme for its 57 per cent shareholding, but Altius holds a 2% gross sales royalty relating to uranium and 2% net smelter return royalty on production of base metals and precious metals over the project area. The latest news is that drilling has intersected broad mineralization approximately 100 metres below the historically defined Michelin uranium deposit. It now appears that the deposit becomes wider at depth and may be significantly larger than previously thought. Further drilling results should be interesting.

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