

## NEWS

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### Altius Minerals Widens The Reach Of Its Royalty Portfolio, And Steps Out Beyond Eastern Canada

By Chris Cann

**At the beginning of the year, frightened investors were piling into risk-averse Altius Minerals in some numbers. Many had lost a small fortune on classically risky, early stage exploration plays. Many had been taken to the cleaners despite a promising discovery, because of waning cash reserves. Some lost money on companies with producing assets that either became marginal or because the companies themselves had been caught at the wrong time in the refinancing cycle. For these investors, Altius, with its simple royalty business, no debt, and US\$160 million in cash and liquid assets, offered an oasis of calm in the storm. And by mid-April this year the company had restored more than 80 per cent of the value it had lost since mid-2008, and was sporting a handsome-enough share price of C\$7.56. But now the landscape has changed again, and investors want to know how Altius will use its strong cash position to create further value for them.**

That's fine by **Altius**. According to corporate development vice president Chad Wells, the current market environment represents the ideal opportunity for the directors to build on the company's asset base. "We're long-term", he said. "I'm not worried about the share price performance next week or next month, I'm worried about building up a stable of assets in a downturn in the industry. This is a fantastic opportunity for a cash-rich company business to build up its basket of goodies so that when the market truly cares again – in two, three, five years time – we'll see the fruits of our efforts." Chad Wells said **Altius** had assessed "hundreds" of opportunities over the past few months in the search for opportunities that fit within its low-risk royalty business structure.

**Altius** is a simple company but it is not a typical resources company by any stretch. By way of an explanation, Wells describes the company as a "royalty creation business". The business model is straight forward enough: the exploration team identifies opportunities within far-eastern Canada for discovering potential base metal or gold deposits and through various stages of negotiations it then passes the risk, capital obligations and most of the upside on to joint venture partners in exchange for equity and royalties. It's not always done this way but that is the basic model that the company's 14 joint ventures are operating on at the moment. The principle is that if you have enough rods in the water then you increase your chances of catching that truly big fish, one which will deliver royalties for decades. The only royalty purchased by the company so far is its prized Voisey's Bay nickel royalty. And that delivered almost C\$700,000 into the **Altius** coffers last quarter, even with the struggling nickel price.

Wells said the company was divided into two distinct businesses today: the existing business with established joint ventures and Voisey's Bay royalty, which needs only C\$2 million each year to maintain; and the growth arm. The growth arm plans to take the company's successful business model beyond its current jurisdiction within Newfoundland and Labrador into other world class mineral addresses in search of new opportunities. Wells said the amount of cash at the company's disposal and the depleted value of many companies and projects in the market place meant it was able to target more advanced projects and royalty opportunities as opposed to the usual grassroots exploration plays.

**Altius'** first foray outside of its familiar surrounds was a strategic alliance with fellow Toronto-listed company, Millrock Resources, earlier this month. Under the agreement, **Altius** will invest just under C\$1 million in Millrock for an 11 per cent stake in the company, with the funds earmarked to help advance five gold-prospective tenements in Alaska to the point where they can be joint ventured to a third party. **Altius** of course maintains a royalty option, in keeping with the business model. Wells said this deal was typical of the company's growth strategy, in that Alaska is a well-established and well endowed mineral address, gold is a mainstream commodity capable of attracting a variety of suitors, and the exploration team within Millrock looks more than capable of delivering on the investment. **Altius** is hard at work looking for more deals such as this throughout North America and beyond – as well as any later stage opportunities, such as its successful Voisey's Bay acquisition from 2003 – which could offer a more near-term return for investors.

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