Due Diligence and Valuation Report

Arrowhead Code:	19-08-01
Coverage initiated:	04 November 2011
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Fair share value bracket:	AU$c18.99 to AU$c32.53[i]
Share price on date:	AU$c9.00[ii]

Analyst team

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Company:	Altius Mining limited
Ticker:	ASX:AYM
Headquarters:	Toorak, Australia
Managing Director:	Alexander King
Website:	www.altiusmining.com.au

Market Data

52-Week Range:	AU$c6.00 – AU$c15.00[iii]
Average Daily Volume:	624,845[iv]
Market Cap. on date:	AU$23.34MM[v]

Financial Forecast Data (in AU$)

	'12E	'13E	'14E	'15E	16E	'17E	'18E
High profit/ (loss) MM	7.7	12.7	23.8	27.5	26.8	26.5	32.4
High EPS AU$c	3.0	4.9	9.2	10.6	10.4	10.2	12.5
Low profit/ (loss) MM	4.9	8.6	16.6	18.7	18.0	17.6	22.2
Low EPS AU$c	1.9	3.3	6.4	7.2	6.9	6.8	8.6

Fiscal Year (FY) 1st July – 30th June

Summary

Altius Mining Limited (Altius), founded in 2003 and domiciled in Australia, was formed as a gold production, exploration and development company, gradually increasing its focus on other commodities including Copper, Nickel-Cobalt, Rare Earth Elements (REE), Iron pisolites, etc.

As on Sep 2011, the company held 100% interest in 13 exploration permits and licenses, and 2 mining licenses in its regions of operation - New South Wales (NSW; exploration area of 3,426km^2) and Far North Queensland (FNQ; 73km^2). Forsayth, in FNQ, is the company's flagship project, with gold production expected to commence in 2012. In addition, Altius intends to focus on developing mining operations in Huntingfield (iron pisolites), Sofala (gold at the Queenslander and Spring Gully prospects), Karangi (gold from old Corumba workings and copper from Mt Browne prospect) and Beehive East (REE in trachyte pipes).

Altius has planned for an extensive exploration program along with environmental studies, which will enable it to expand its existing resource base. Based on further resource definition, the company aims for a gradual upgradation of operations to a Tier 1 mining level over the next two to three years. It recently announced the start of RC drilling program at Ropewalk Gold mine and three airborne geological surveys in NSW and FNQ.

Altius was listed on the ASX on 19th September 2011 raising AU$11.74MM, and plans to utilize this capital to commence gold production at Forsayth and identify drill targets, upgrade gold resources and identify other metal resources at various tenements in NSW and QLD.

Altius benefits from a diverse commodity base, strategic regional positioning, and large tenement holdings with historically affluent mineralization. Arrowhead believes these benefits will provide the company with the imperviousness against adverse fluctuations in commodity prices. Additionally, a strong management team with sound experience in the mining industry will help channel the company's strategies and mitigate risks intrinsic to the mining business.

Given due diligence and valuation estimations based on discounted cash flow method, Arrowhead believes that Altius Minings' fair share value lies in the AU$c18.99MM to AU$c32.53MM bracket[vi]. This valuation is based solely on the Forsayth, Sofala, and Karangi project and does not currently take into account the potential value of the company's other projects.

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Company Presentation

Founded in 2003, Altius Mining Limited (Altius) is a gold production and exploration company with operations based in Australia. The company possesses one asset in the production stage and has several other assets in the exploration, feasibility and development stages. It is currently focused on the development and mining of its assets in the region of Far North Queensland (FNQ) and New South Wales (NSW).

Altius was listed on the ASX in September 2011, and plans to invest these funds for developing operations at Forsayth (FNQ), aiming to commence production in 2012. Additionally, the company plans to undertake extensive exploration program and environmental studies for developing possible mining operations (starting 2013) at Sofala, Karangi, Huntingfield and Beehive East in NSW.

Altius' tenements possess favourable geological characteristics with sound infrastructure support. The company has identified various economically viable resource targets through improvement programs backed by conducting substantial exploration activities. These activities are carried out for gold, copper, iron pisolite, nickel-cobalt, platinum group elements (PGE) and rare earth elements (REE).

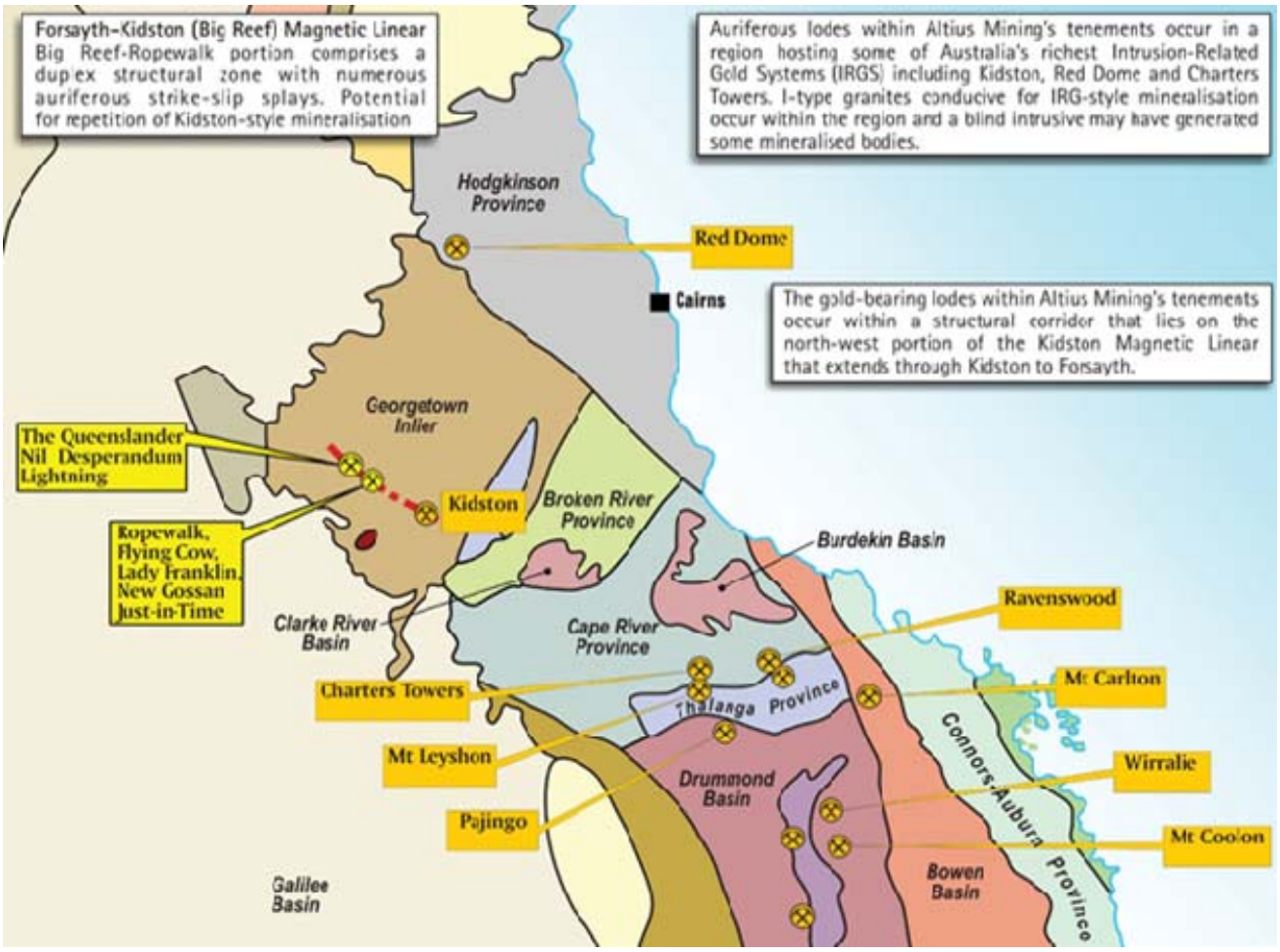
Company's Asset Portfolio

Altius' project pipeline

Queensland (QLD)

- Forsayth is the company's flagship project, and Altius has established an operation headquarters in Cairns to facilitate all related operations. The project is in its production stage with an already established base at the town with a mine geologist, miners and equipment and is well advanced on setting up its water supply, metallurgical circuit and mining operation schedule. In 1Q-2012, the company spent AU$324K on purchasing and installing mine infrastructure along with a geological review of the EPM and setting priority targets for the activities in the next quarter.
- Altius has two mining leases and one EPM, covering a number of small but high grade gold reefs. Sizeable underground and lower grade open-cut gold mineralization has been indicated through previous mining, exploration drilling and recent work by the company on these reefs.

Altius' QLD Tenements



New South Wales (NSW)

– Altius' tenements in the NSW region are adjacent to globally renowned mines for exploration and mining, run by the large mining companies in Central New South Wales like Barrick, Newmont, Newcrest and Rio Tinto. Some of the geological advantages of the region include legal and political stability, A1 prospectivity, ease of access to the ground and established data base system. Additionally, the tenements benefit good accessibility to railways, roads, direct access to ports, labor force, and power supply.

Altius' NSW Tenements

For more detail on Assets, see the *Assets and Projects* section of this report.

Company's Portfolio and Company Premiums

Altius benefits from a solid blend of varied commodities, strong pipeline of products and diverse tenement holdings providing it adequate cushion against the risks emanating from fluctuating commodity prices and adverse macroeconomic conditions. Its strong and experienced management team conduits its strategies and mitigates it from the general risks arising from the mining business.

Diverse commodity base and strong pipeline of products: Altius has an extremely diverse product portfolio comprising Gold, Copper, Nickel, Cobalt, Platinum Group Elements, Iron pisolites, Zirconium and Rare Earth Elements (REE). It also has a strong pipeline of products spread across the exploration, development, feasibility and production stages, with drilling programs planned for the primary targets. The company is currently focusing on its principal operations in Forsayth (QLD) along with planned focus on the development of four other priorities including Huntingfield, Sofala, Karangi and Beehive East. It is seeking to develop two gold resources by open pit at Sofala, targeting early feasibility for iron pisolites at Huntingfield, and REE's at Beehive East.

Strategic regional positioning: Altius holds tenements exceeding 3,000km^2 at the Forsayth and NSW. The tenements are located in close proximity to historically proven prospective exploration and mining targets and those which have been established by the larger players in the industry. Altius has 12 projects in NSW, of which ten are in the highly prospective (gold and copper) Lachlan Fold Belt of NSW.

Additionally, the company benefits from sound infrastructure with tenements located near existing railroads with continuous supply of water, power and labor.

Strong management team: Altius has a strong board and management team with extensive industry experience which brings specialized techniques, competent work culture and optimum benefits under its decision making and strategy.

Altius Mining's Portfolio and Company Risks

Altius faces risks arising from regional and geographical concentration along with the risk of achieving estimated resources and related operational targets as scheduled, due to the large product pipeline. In addition, the company is also exposed to the risks intrinsic to the mining business.

Limited regional presence: Altius is focused on the Australian region for its operations, thus limiting its geographical presence. In addition, its operations are focused on the FNQ and NSW regions of Australia, exposing it to risks arising from regional concentration. Nevertheless, the large and historically prospective tenement holdings mitigate this risk to some extent.

Large product pipeline: While the company benefits from a large product pipeline, it could be faced risks inherent to the execution of each project stage in the large pipeline, provide adequate funding for the several projects and planning for future funding requirements for each of the projects. The company however mitigates this risk with the help of a scheduled plan and allocated capex estimates for each its projects.

For a detailed risk assessment, please refer to the *Risk profile analysis* section.

Altius' Corporate Strategy

Altius is focused on maintaining a balanced mix of gold exploration and production along with other commodities. Though currently, the company has a strong inclination towards its gold project, it has planned to divert its focus on other commodities, for which it will be able to take support from the large tenement holdings with affluent geological settings having prospectivity for various commodities.

Altius is primarily focused on developing its key property in the production stage – Forsayth, with increased emphasis on its other properties in NSW. Altius has strategically acquired its tenements in QLD and NSW over a period of years with focus on first developing gold projects with simultaneous evolvement of other properties comprising a diverse set of commodities.

While its Forsayth project in QLD is nearing production, it is also intends to focus on developing possible mining operations in Beehive East for Rare Earths and Huntingfield for Iron (pisolites). Altius is also carrying out additional open cut development of gold mines from its Sofala, Karangi and Gowulma-Gunners tenements in NSW. Exploration continues for rare earth elements, large Northparkes-Cadia type porphyry gold-copper targets, platinum/nickel/cobalt/gold/scandium targets in layered ultrabasics and for base metal resources north of Woodlawn/Currawang, NSW.

Key Metal Trends

Gold

- **Key Drivers of Gold Demand:** The market for hedging against inflation is the main driver of the demand for gold. Gold demand increases with an increase in inflation and as equity and credit lose investor preference and thus value. Consequently, the demand for gold tends to increase in difficult economic times. Jewelry is a secondary factor driving demand for gold.

- **Gold Market Evolution:** Gold prices have reached record highs to US$1,895/oz towards the end of August 2011, rising by 11.8% from its July 2011 prices. The price of gold retreated marginally in September 2011, reflecting an appreciation of the US dollar against other currencies. However, it still remains a favored investment option. Central Banks particularly in emerging economies have increased their holdings of gold reserves. Gold is expected to increase to US$2,000/oz in the shot-to-medium term while long-term demand seems robust from large developing Asian markets and a general return to gold as a standard of currency. Foreseeable supply of new gold in the next 20-30 years is forecasted to increase at a slower pace limited by the continued maturity of gold mines in South Africa and Indonesia throughout 2011.

Copper

- **Key Drivers of Copper Demand:** Demand for copper is mainly governed by its usage in various industries. With increased industrial growth, the demand for copper is also increasing. Global consumption of copper was reported at 19.6MMT in 2010 with was 10.1% more than the production of 17.8MMT in 2009.
- **Copper Market Evolution:** Supply of copper has exceeded its demand almost every year till 2010. However, demand of copper is expected to exceed supply in 2011 and 2012. With increased production and lower growth in demand the deficit is expected to nearly balance in 2013.
- In 2010, Copper outperformed other base metals with returns of 30%; copper prices touching an all-time high of US$9880/T in 1Q-2011. The copper price in November 2011 was US$7380/T.

Rare Earth Elements

- **Key Drivers of Rare Earth Metals Demand:** The key demand drivers for rare earth metals are Magnets and Phosphors. Their uses as catalyst and in metal alloys also influence the demand for rare earth metals.

- **Rare Earth Market Evolution:** China in July 2011, released the export quota for H2-2011, showing a y-o-y increase while decreasing the total quota for 2011. This has also led to an increase in prices of rare earth metals along with mines having stopped production to comply with restrictions. Price of Lanthanum has increased to US$64/kg in November 2011 from US$50/kg in the beginning of the year. Prices of Cerium from approximately US$50/per kg in January have remained over US$54/kg in November.

For more details, refer to the Technologies and Markets section

News

- **Altius Mining commenced a Drilling Program at its Ropewalk Gold Mine:** On December 8, 2011, the company announced commencement of a drilling program at the Ropewalk Drilling Program near Forsayth, FNQ proving information for grade control and mine planning. The drilling program will comprise of 1000m RC percussion drilling in 20 holes.
- **Altius Mining commenced three airborne geophysical surveys:** On December 5, 2011, the company announced commencement of three new airborne geophysical surveys as a part of its exploration strategy at NSW and FNQ. The strategy permits to conduct a new airborne high-resolution magnetic and radio-magnetic survey, drill testing, investigation, interpretation and modeling of geophysical data etc.
- **Altius Mining progresses drilling programme at Forsayth:** On December 2, 2011, the company announced that it applied to the Queensland State Government for a grant under the Collaborative Drilling Initiative for a drilling programme. This State Government initiative is designed to directly support companies in the drill testing of high quality, innovation exploration targets in Queensland. Altius proposes to drill test a gold and base metals exploration target near its Ropewalk gold mine and in EPM 14498 at Forsayth.
- **Altius reported its quarterly activities report:** On October 28, 2011, the company released its quarterly activities report stating its activities in the quarter ending on September 2011 and future plans to its shareholders. Activities of Altius were mainly directed towards the IPO announced on September 19, 2011. The company has now shifted its focus on developing mining operations at HuntingField, Sofala (Spring Gully and Queenslander), Karangi (Corumba Workings and Mt. Browne) and BeeHive east (Alkane project).
- **Altius advised release of securities from escrow:** On September 30, 2011, the company announced its plan to release 0.4MM options over ordinary shares of the company from escrow on October 18, 2011.
- **Altius released options from escrow:** On September 20, 2011, the company announced to release 8.6MM options over the ordinary shares of the company from voluntary escrow starting from September 28, 2011 to October 14, 2011.
- **Altius announced admission and commencement of its official quotation:** On September 14, 2011, the company announced its admission to the official list of ASX limited with official quotation of the company to commence on September 19, 2011; 204,322,685 fully paid ordinary shares of the company were quoted at AU$0.20 per share. A pre-quotation disclosure was issued providing the following information about the company:
  - ASX listing application and agreement
  - Constitution
  - Distribution schedule
  - Top 20 holders
  - Corporate governance statement
  - Securities trading policy
  - Audited financial report of 2008, 2009 and 2010
  - Reviewed financial report for H1 ending on December 2011 etc.
- **Altius Mining issued prospectus:** On September 14, 2011, the company issued a prospectus with a view to list itself at the Australian stock exchange. This prospectus was a replacement of the prospectus made on 8 April 2011 towards the offer of 60MM shares in Altius Mining.

Listing Information

Altius Mining Limited is a listed equity on ASX (Ticker: AYM). The company was listed in September 2011.

Contacts

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Email	admin@altiusmining.com.au

Major Shareholders[vii]

Equity Holder	No. of Shares Held	Percentage Holding
Xiao Jing Wang	47,418,738	18.29
Wyoming Australia Pty. Ltd.	30,000,000	11.57
Dr. Jannie Chan Siew Lee	22,068,750	8.51
Alexander King	21,337,083	8.23
Robert McLennan	13,500,000	5.21
Tham Keng Chuen	11,250,000	4.34
Ever Resources Inc.	10,000,000	3.86

Management and Governance

Altius has a strong board and management team with extensive industry experience in the field of resource exploration, development and mining management. The management brings to the table specialized techniques, competent work culture and optimum benefits under their decision making and strategy.

Dr. Jannie Chan Siew Lee — ***Non- Executive Chairperson***

Dato' Dr. Jannie Chan Siew Lee is a Bachelor of Science in Physiology (Honours) and a Master of Science in Pharmacology from Monash University, Australia. She is one of the 50 Australians honoured at the Advanced Women's Leadership Summit in Sydney, March 2011. Dr. Jannie has been associated with various forums like the Business Advisory Council of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Commonwealth Business Forum, Business Advisory Council of the United Nations Office for Project Services (UNOPS) and many more. The first woman president of the Asean Business Forum and the Singapore Retailers Association and later established Save Our Planet Investments, a company focused on global wellbeing. She was appointed as the non-executive chairperson of Altius on February 2011.

Alexander King — ***Managing Director/CEO***

Mr. Alexander King is a holder of Associate Diploma AM, currently completing a Masters Degree in change technologies along with qualifications including MAPRA and MPPCA. With experience in the mining industry for past 20 years, he was a part of founding Altius in 2003. Mr. Alexander is now a Director of Icarus Mines Pty Ltd and Fortius Mines Pty Ltd., both relating entities to Altius and Angel Jade

Pty Ltd and Renew Technologies Limited. He is also a member of the Australian Institute of Company Directors.

Robert McLennan ***Non- Executive Director***

Mr. Robert McLennan is a Bachelor of Science (Honours) and a Master of Science, Melbourne along with qualifications including IIM, MAIG and MICA. He has over 40 years of experience in exploration in Australia for varied minerals. He has previously worked with Conzinc Rio Tinto of Australia Exploration and Kratos-Stellar Exploration Group.

Boyd Pratt ***Executive Director***

Mr. Boyd Pratt holds a Bachelor in Science (Honors) degree and Masters in Science (Geochemistry & Geostatics) along with a FAusIMM (CPGeo) and MAIG. He is an independent geologist since 1979 with an experience of over 40 years as a geologist. A member of the AusIMM, Mr. Boyd has worked for Mt. Isa Mines, Hamersley Iron, Woodsreef Mines, Union Corporation, to name a few, and has also provided consultancy in many mining and exploration companies including Teck Explorations, Aberfoyle, Penarroya, EZ Industries, Goldrim Mining and Gold & Copper.

Dr. Ross Mack ***Executive Director***

Dr. Ross Mack holds a degree in JurisDoctorate of law from Bondi University in 2002. He has over 35 years of experience in various sectors like mining, science, health, education, publishing and government lobbying. Dr. Ross is working in metallurgical research of new materials and their commercial applications for Altius.

Joe Fekete ***Executive Director/CFO/Company Secretary***

Mr. Joe Fekete holds a Bachelor of Business in Accounting along with qualifications like FCPA and FCIS. He is a registered Company Secretary with CPA Australia and the Chartered Institute of Secretaries. He has around 20 years of experience of business management and accounting with various industries from mining to travel and advertising.

See important disclosures on page 36 of this report.

Assets and Projects

Overview

Altius has its projects in two states of Australia – New South Wales (NSW) and Queensland (QLD). As on 30-Sep-2011, the company held thirteen exploration licences and permits, and two mining licences in NSW (twelve licences with an area under exploration of 3,426km^2) and QLD (one exploration permit and two mining licences with an area under exploration of 73km^2. It's tenements have a rich mineralization history with more than 50 historic high grade gold workings, prospects and past producing mines occurring within the tenements. Altius currently has its gold projects under feasibility and production stage. Also, the company has a large asset base under exploration and development.

FORSAYTH GOLD PROJECT, QLD

Company's interest in Forsayth: 100%

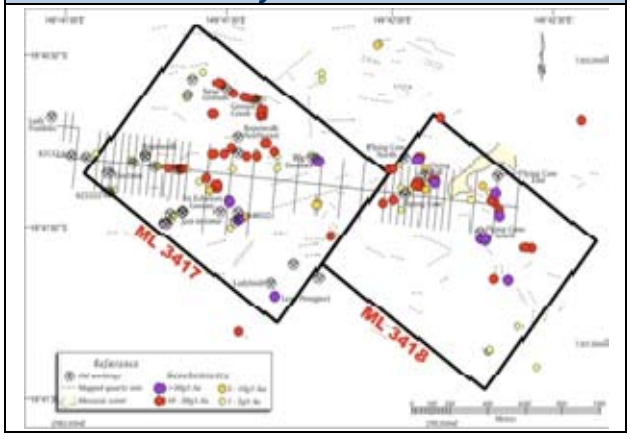
Asset Summary: Production stage; preliminary mining commenced

Target commodities: Gold

Location: Forsayth is 40km south of Georgetown, which is on the Gulf Developmental Road and connects by rail to Cairns and Townsville.

Geology: Over 50 historic gold workings, prospects and significant past producing mines occur within the tenements held by Altius. The Kidston Magnetic Linear passes through the Altius ground. The pull apart enchelon faults are ideal sites for the deposition of mineral rich fluids. Gold mineralization occurs within quartz veins typically hosted by narrow 2 to 5m wide fault or shear zones structures, some of which can be traced for many kilometers. The Big Reef Fault zone extends for some 20 km, crosscutting schist and granite lithologies and trends approximately 110 west-northwest. This fault zone is the locus for several historic occurrences in the region and includes the Ropewalk Mining Leases. A broader corridor of shear hosted mineralization occurs sub parallel to the Big Reef Fault and hosts all the main gold occurrences in the tenement. The gold mineralization is usually accompanied by significant silver and lesser base metal mineralization.

Forsayth tenement



Recent developments: A gold treatment plant is currently being installed by the company. The plant will include a gravity circuit designed to recover 40% of the coarse gold present in the oxide ore. The flotation circuit will produce a concentrate from the sulphide ore containing Cu, Au, Ag, Pb, Zn to be bagged in 1T bags and shipped to smelter. The oxide ore CIL plant is designed to receive a 212 micron feed at 100 – 250T/day, Au is recovered through carbon columns and then electrowinning. Metallurgical test recoveries of 96% have been obtained in less than 8 hours.

The flotation gold treatment mill is intended to run at 60T/day (21,000Tpa) of sulphide ore. Treatment of open-cut oxide ore will commence at 100T/day building to 200T/day (70,000Tpa). The feed grade of the sulphide is expected to be 15-18 g/t Au, depending on the ability to sort out waste from the lodes, some of which are quite narrow. Recovery is estimated to be 90% but is not determined accurately so far.

Potential mineralization: The mineralization in the Forsayth province of the Georgetown Inlier is considered to belong to the intrusion related gold style (IRGD). Most mineralized prospects occur along a single well-defined fault zone termed the Big Reef. The Just in Time and Ropewalk workings each consist of at least two sub parallel fault zones several meters apart.

The primary historic mines with the Altius EPM include the Queenslander (largest mine with an average grade of 44-47g/T Au; 34–45KT), the Lady Franklin-Ropewalk (65-70KT grading around 4.0-4.4 g/T Au), and Just in Time.

Resource estimates were carried out on seven veins in 2008 with grades consistently from 5 to 25.0g/t gold. Drilling revealed good grades of 2m at 34.0 g/t Au, 4m at 8.8g/t and are set out in the contained Consultants Report.

Project Schedule: Work on exposing a number of more important lodes has already begun; indicating both better continuity of the lode between old workings and the presence of other nearby gold bearing lodes that may bulk out to extend the potential for open cut ore. However, further drilling is required to define the pit limits and overall grade.

Three prospects within the Ropewalk Mining Leases have been recommended for immediate continued exploration, viz. *Ropewalk, New Gossan and Flying Cow*. Of these the New Gossan and the northwestern extensions of the Ropewalk have potential for a bulk mineable deposit. Six other prospects, the Queenslander, Nil Desperandum, Havelock, Big Reef, Canadian-Goldsmiths, and the Mount Jack group also have good exploration potential.

A low level aeromagnetic survey has been completed and is awaiting interpretation.

A shallow drilling program, 17 holes for a total of 1000m, will commence in December 2011 on the Ropewalk lode to establish continuity as a prelude to mining.

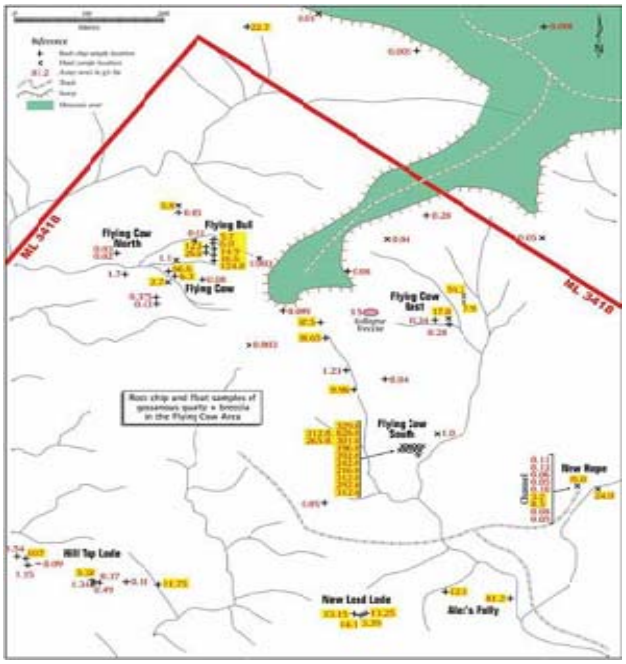
A deeper diamond drilling program, 3 holes and 3000m is planned in early 2012 to test the North Arm prospect, which has been likened to a Kidston like prospect, a larger lower grade disseminated structure.

FLYING COW MINE AND ASSOCIATED PROSPECTS – ML3418

Target commodities: Gold

Location: The Flying Cow Mine and other nearby prospects, namely the Flying Cow North, Flying Cow East, Flying Cow South and Flying Bull, occur in the northern sector of ML 3418.

Flying Cow – highly mineralized area



Recent developments: Altius re-commenced underground mining in 2009, with survey control completed and mine plan scheduled. Raises constructed in the upper level are being extended to the surface with a lower level adit under construction to access interpreted down dip extensions to the lode. The company has planned for hanging wall cross-cuts to test for interpreted parallel lodes.

Potential mineralization: Each Flying Cow (with only the Flying cow having been explored in detail) prospect holds some potential for significant gold mineralization, grab samples assaying as much as 828.0 g/T Au (Flying Cow South scree sample).

QMC dug seven trenches (390m) on the Flying Cow prospect, and drilled 18 percussion holes for 748m and one 10m diamond drill hole. Four holes produced intercepts with grades greater than 1g/T Au, details of which are:

Drill	Description
FCP 6 (12009E)	8.0 - 14.0m, 6.0m true width at 5.9 g/t Au and 17 g/t Ag
FCP 7 (12009E)	10.0 - 14.0m, 2.0m true width at 2.1 g/t Au and 12 g/t Ag
FCP 13 (12040E)	34.0 - 36.0m, 2.0m true width at 24.9 g/t Au and 84 g/t Ag
FCP 15 (12040E)	35.0 - 36.5m, 1.5m true width at 6.9 g/t Au and 18 g/t Ag

The company estimates further work to determine the potential of the lode, with QMC geochemical data indicating potential for an open pit mine in the oxide zone.

The target potential of the area can be calculated by using surface outcrop (70m) and an assumed underground continuity for 50m.

Drill	Description	Tons
Backs	length 60m, depth 50m, width 1 m	8.0KT
Down dip	length 50m, depth 25m, width 1 m	3.3KT
Strike extension	length 25m, depth 75m, width 1 m	5.0KT
16.3KT at approximately 1.0oz/T Au for 16.3Koz		

Though the target could be increased by as much as three times, the narrow 1.0 to 1.5m lode structure would require a high mining cut-off resulting from higher resource proving and mine development costs per ton of proven ore.

Historical drilling - Flying Cow Mine, Drive and Rise Face Sampling Composite Rock Chips of Ore Body			
		Au ppm	Cu%
10-Nov-06	Drive Face	42.26	
25-Nov-06	Drive Face	66.02	
30-Nov-06	Drive Face 2	118.54	

Historical drilling - Flying Cow Mine, Drive and Rise Face Sampling Composite Rock Chips of Ore Body			
		Au ppm	Cu%
30-Nov-06	Drive Face 3	28.04	
30-Nov-06	Drive Face 4	81.05	
11-May-07	Drive Face	28.69	
16-May-07	Drive Face 1	75.24	
16-May-07	Drive Face 2	54.91	
14-Jul-07	Drive Face	15.61	
	Face	11.00	
	Face	15.00	
	Rise, Face	75.84	2.49
	East Face Lode	32.49	2.70
	South Face Lode	114.10	
	Face	58.26	

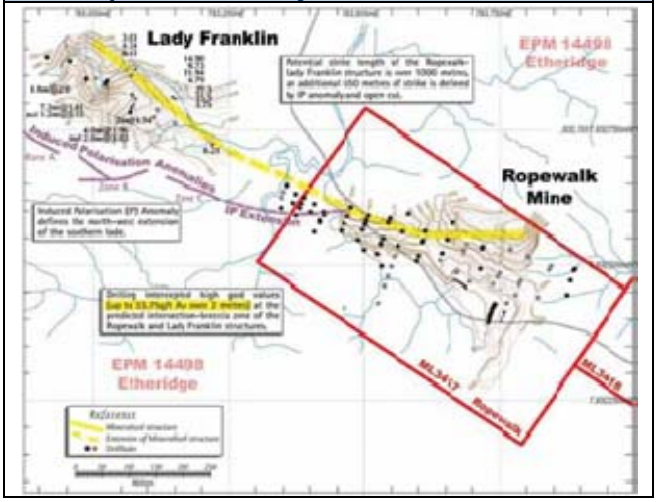
ROPEWALK - LADY FRANKLIN

Target commodities: Gold

Asset summary / recent developments: The high grade lodes on the Ropewalk MLs are in the process of being developed as open pit operations in the oxide layer.

Regional geology: The intersection of the northern and southern lode (based on the open pit mining of the ropewalk mine in 2011) could generate a broad breccias zone – wide mineralization and potentially a bulk mineable target.

Ropewalk – Lady Franklin tenement



Potential mineralization

Ropewalk: Grades of 10g/T Au over several hundred meters were indicated by QMC's previous exploration. The Ropewalk workings extend for around 360m and the mine produced 1,352T @ 24.9 g/T Au, with a well defined lode or shear zone structure between 2 and 3.5m in width as exposed in trenches, the open cut and old pits.

QMC tested it with at least 80 drill holes (mainly RC holes and some diamond and percussion holes) in the 1980s.

The drilling appeared to outline a number of higher grade shoots within a much lower grade envelope.

Highest grade gold intercepts in the drilling
2m at 33.75 g/t (RWP43)
1m at 24.0 g/t (RWP29)
1m at 20.7 g/t (RWP4)
2m at 15.35g/t (RWP3)
1m at 18.7 g/t or 2m at 12.75 g/t (RWP69)
2m at 12.7 g/t (RWP17)
1m at 15.0 g/t (RWP50)
1m at 24.1 g/t or 2m at 14.85 g/t or 4m at 8.84 (RWP61)

The company has recently announced commencement of RC percussion drilling of approximately 20 holes at a depth of nearly 1000mts. The drilling program will provide information on grade control helping it for better mine planning.

Lady Franklin: A westerly extension of the Ropewalk lode, produced 911T @ 29.0 g/T Au. The lodes may form a localized intersection (breccias zone) between the Ropewalk and Lady Franklin having the potential of hosting a bulk mining target.

Costeaning and composite rock chip sampling by Altius, (2011) and Orion Resources N. L. returned 9.04 g/t Au, including 13.04 g/t Au over the over 150m. The lode, for the majority of the interval sampled, was between 0.54m and 1.40m wide and consisted of hard white quartz with variable (5% - 30%) patches of gossan.

NEW GOSSAN

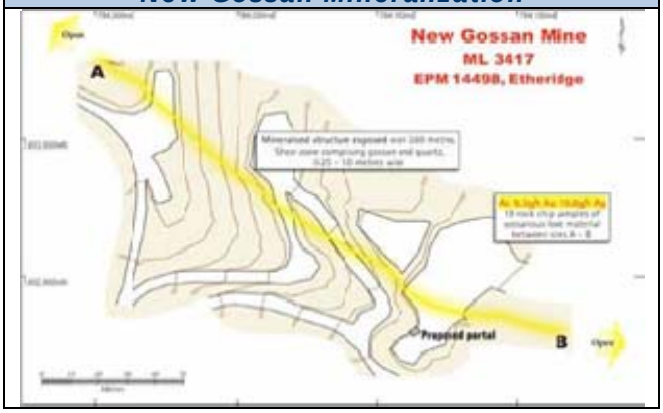
Target commodities: Gold

Location: The New Gossan prospect is located approximately 500m north of the Ropewalk.

Regional geology: The prospect originally consisted of a line of historic prospecting pits. The south-eastern portion of the New Gossan lode was open-cut mined in 2008 for the purpose of assessing width and grade. The observed, continuously exposed strike length is a least 250 meters.

Potential mineralization: QMC Group briefly examined the prospect in 1982-83 with the prospect originally consisting of a line of historic pits along some 250 to 300m of a shear. QMC collected 19 rock chip samples of gossanous lode material averaging 9.3g/T Au and 10g/T Ag.

New Gossan Mineralization



The prospect has a bulk tonnage target of 350–450KT at a grade in the range of 4.0–6.0 g/T, at a moderate strip ratio.

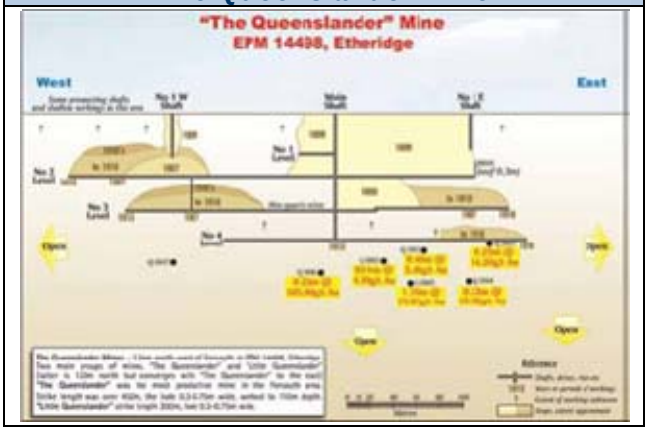
Proposed exploration: The required additional work on the prospect would include a drilling program of two to three sections of 2 to 3 holes each to test grades up to a 60-70m depth drilled in the vicinity of the present open cut workings at the eastern end of the prospect with further drilling to follow. Clean up work with an excavator was recommended to improve exposure of the lodes and associated stockworks, to be followed up with detailed mapping and channel sampling.

THE QUEENSLANDER

Location: The Queenslander Mine and the associated Little Queenslander Mine are located 3.5km north-west of Forsayth and exist within the Forsayth granite.

Regional geology: Mining on this prospect was previously conducted from a series of shafts on several levels to a depth of 100m and length of 460m.

The Queenslander Mine



Potential mineralization: The Queenslander was the most productive mine in the Forsayth area between 1878 and 1915. It was also the largest mine, worked from a series of shafts on several levels to a depth of 110m and strike of 460m. Production figures suggest an average recovered grade of around 44-47g/t Au. Current studies by the company indicate that some 34-45KT have been outlined by past work with Au with mineralization open at depth and along strike from these drilled areas.

The Castlegold drilling and mapping made it possible to provide estimates of the mineralized potential of the mine which amounted to 32-36KT @ 13-15 g/T Au and 10-12KT @ 18 to 19 g/T Au. Mineralisation is open at depth and along strike from their drilling. The drill intercepts have true widths between 0.11 and 1.7m with a simple mean width of 0.5m. Drill hole intercepts ranged between 0.23m to 1.7m true width and grades ranged from 4.4 - 105.0 g/t Au.

NIL DESPERANDUM

Regional geology: The Nil Desperandum mine and line of lode was mined intermittently between 1878 and 1942 by open cut and underground workings over a length of about 500m and maximum depth of 153m. The average mine width is 2m and the lode shear, which can be traced for 2 km east of the Delaney River, is marked by limonitic gossanous quartz outcrop. The reef is reported to be heavily mineralized with galena, pyrite, chalcopyrite and sphalerite.

Potential mineralization: Nil Desperandum workings comprise a number of east trending fractures, with mines having a significant historic production.

The line of lode is interpreted to extend over a strike length in excess of 3 km and production figures suggest an average recovered grade of 50.37 g/T Au. Above 85m depth it was reported to average 53.7 g/T Au. Between the 85m and 116m levels the average grade dropped to 30.4 g/T Au. In 1993, Union Mining put in 11 trenches and 5 holes, 2 holes returned significant assays:

ND1: 6m averaging 9.14 g/t Au from 7-13m, including 2m averaging 18.87 g/t Au from 7-9m
ND2: 2m averaging 1.84 g/t Au from 9-11 m

With 2 km of lode shear zone available for testing, and possibly 3 km if the Pinnacles workings lie on the same structure, the Nil Desperandum lode can have potentially mineable resources equivalent to, or greater than its historic production of some 21,000 oz gold.

The most southerly of the fracture lines hosts the Nil Desperandum mine which has an historic recorded gold production of approximately 20,000 oz. In 1993 the prospect was tested by 21 costeans and then drilled. Significant costean results were:

Costean	Sample	Assay
3	A 17843	1.12 g/t Au
9	A18974	10.10 g/tAu
10	B 17859	1.31 g/t Au
13	A 17867	4.52 g/t Au
15	A 17871	7.46 g/t Au
	B 17872	4.76 g/t Au
	C 17873	1.70 g/t Au
16	C 17876	1.01 g/t Au
17	A 17887	2.48 g/t Au
	D 17890	2.04 g/t Au
18	C 17893	8.60 g/t Au

PINNACLES WORKINGS

Location: The Pinnacles workings occur along strike from the Nil Desperandum workings approximately 3 km to the east.

Potential mineralization: Production was 788T at an average grade of 70 g/T Au. Two reefs, consisting of massive quartz veins some 10-12m apart were worked. They were 1.0 to 2.0m in width and mined to a depth of 43m over less than 30m of strike.

LIGHTNING, LIGHTNING I and LIGHTNING FLASH

Location: The Lightning 1 structure extends for around 340m and is open to the northwest. The Lightning 2 structure has been traced for 368m.

Potential mineralization: Altius has located a significant tonnage of open pittable gold ore in northwest trending structures that host the Lightning Flash, Lightning 1 and Lightning 2 lodes. Costeaning these lodes has delineated gold distribution. Selective open-cut mining to 18m on these structures can deliver several thousand tons of ~5 g/t Au ore for blending with high grade underground ores to provide suitable mill feed.

Sheeted/stockwork auriferous veins in hornfelsed metasediments occur in several places along both lodes. These have undergone quartz-sericite alteration and are associated with intense pegmatite activity - diagnostic characteristics of a magmatic origin for mineralizing fluids. Significantly the metasediments may be preserved as hanging pendants capping the carapace of granite. Geophysical surveys may locate a blind intrusive beneath these mineralized structures. There is a possibility of a younger, mineralized stock at depth, thus significantly expanding the potential mineralizing systems. As of now no deep holes have been drilled to test genetic models for fluid sources.

Estimate of Available Tonnage Lightning 1: 2,000 – 2,5000t
Estimate of Available Tonnage Lightning 2: 3,000 – 4,000t
Estimate of Available Tonnage Lightning Flash: 5,000 – 5,500t

HR AND CARAVAN PROSPECTS

Asset Summary: The Caravan Park lode has been traced in outcrops and pits over a strike length of 250m.

Potential mineralization: The mineralized HR lode is developed over an auriferous gossan within the Forsayth Granite and can be traced for 600m. A composite grab sample of the ore from around the collapsed 'HR' shaft assayed 14.06 g/t Au. The northwest trend parallels the dominant auriferous structures.

The true width is unknown but mineralized vein pieces from pits were up to 0.7m wide. The ore body consists of white quartz, extensively iron-stained and fractured, occasionally brecciated and very gossanous in places. Assays of three samples of ore ranged from 2.11 to 13.48 g/t Au.

OTHER PROSPECTS IN FORSAYTH

Asset Summary: Other prospects within the northern blocks of the EPM that have been mined historically include the Melba-Mountaineer-Struggle line of workings and the Forget-Me-Not-Settler line of workings.

Potential mineralization: Other prospects within the northern blocks of the EPM that have been mined historically include the Melba-Mountaineer-Struggle line of workings and the Forget-Me-Not-Settler line of workings.

Production Figures from Union Mining	
Mine	Grade and tonnes of gold
Melba	53.3t @ 26.84 g/t
Mountaineer	364.7t @ 29 g/t
Struggle	166.7t @ 23 g/t
Forget-Me-Not	664.6t @ 25 to 30 g/t.

NSW EXPLORATION LICENCES

Altius has twelve ELs in the Lachlan Fold Belt of NSW. NSW is stable both legally and politically, with ease of ground accessibility and an established data base system. Many discoveries are quite recent, demonstrating that the Lachlan Fold Belt is one of the most prospective areas in the world for copper and gold with a gold endowment of over 50MMoz, and a copper endowment of over 10MMT, surrounding the Orange region and Altius' tenements.

Major mines
Cadia – Ridgeway, a porphyry Au-Cu deposit of Newcrest, with a production of 1MMoz Au and more than 100KT Cu/ p.a.
Northparkes, a porphyry Au-Cu deposit of Rio Tinto with a production of 83KT copper p.a., 95Koz gold p.a.
Cowal, a mesothermal deposit of Barrick and Placer/Dome, with production of 250Koz Au p.a. and a resource of 3.5MMoz Au.

SOFALA

Altius' interest: 100%

Target commodities: Gold

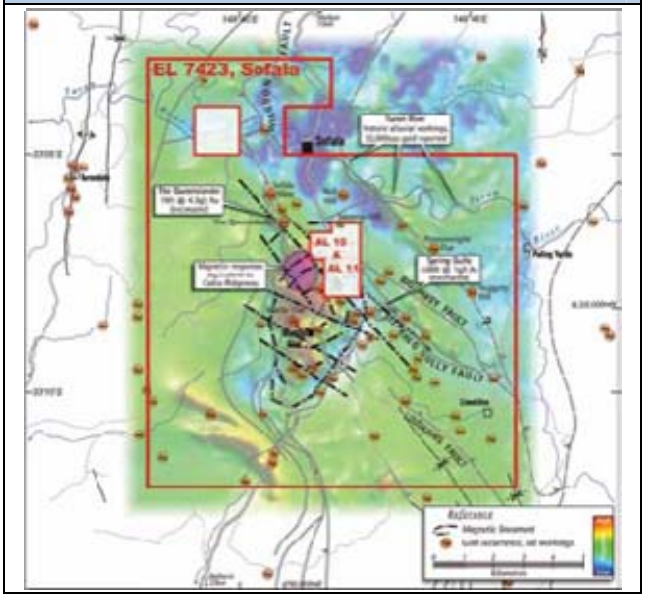
Targets

Spring Gully large low grade deposit 3.55 Mt @ 1.0 g/t Au
The Queenslander smaller 1 Mt @ 4.3 g/t Au
Wattle Flat magnetic anomaly, Cadia look alike

Location: The EL lies on the Peel Rd between Sofala, (6km to the north) and Bathurst (35km to the south). The gold areas are in an area referred to as Wattle Flat. This tenement is within the first gold mining area in Australia, namely Turon River – Sofala – Wattletree Flat Goldfields.

Geology: There are two known documented deposits in the tenement, Spring Gully mapped by Goldfields in 1992, 3.55MMt @ 1 g/t and the Queenslander, 1MMt @ 4.3 g/t Au. Also there are approximately 40 old workings in the tenement.

The Sofala Tenement



Magnetic data over the Wattle Flat area is similar to Cadia-Ridgeway and Northparkes, and has been interpreted as possible monzonite plugs intruding the Sofala Volcanics.

Potential mineralization

Wattle Flat has been a significant historical gold mining area with some 526 kg of recorded hard rock gold production, of which the principal contributors are Surface Hill (Big Oakey Mining Company) - 208 kg, the Queenslander - 115 kg, and Solitary Reef - 118 kg. In addition, gold has been achieved from extensive alluvial workings in the Turon River and in the creeks, draining the hard rock mineralized areas.

Spring Gully was discovered by RGC Exploration using regional drainage geochemistry and following this up with a soil survey that defined a large gold anomaly of more than 0.05g/t Au. The area was subsequently tested by 6 diamond holes and 63 RC holes which outlined a body of mineralization estimated to contain about 3.55MMT @ 1.01 g/t gold.

At The Queenslander, there is an estimated 1.0MMT @ 4.3 g/t Au. In the mine area, drilling intersected a thick mineralized zone in the diorite. This zone, with a true thickness of between 7.8 and 13.4m returned assays of between 3.4 and 5.9 g/t Au, occurs at the base of one of the diorite dykes. It has been intersected from the mine in QDD002 and further down to a depth of 130m below surface in QXD001. Northwards, the mineralized horizon is found in QDD003 as a 1.34m. (1.2 m. true) intersection returning 52.2 g/t Au. The current interpretation suggests that this is close to the northerly limit of the mineralized dyke.

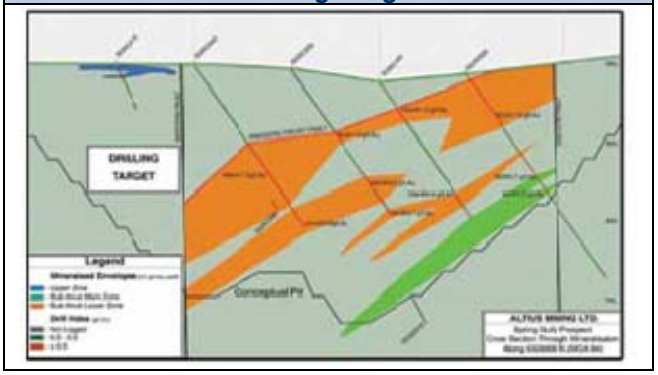
The other prospects drilled in the area include Whalans Hill, Caledonian, Pennyweight Ridge and Nuggetty Hill. All have scattered surface workings and associated soil geochemistry. Whalans Hill, Caledonian and Pennyweight Ridge typically revealed mineralized zones between 5 and 30m (true) width returning 0.2 - 0.7 g/t Au containing veins of 1m width and occasionally 2m, carrying between 1 and 10 g/t Au.

Project schedule: The exploration program over the Sofala tenement will focus on the two known deposits at Spring Gully and the Queenslander.

At Spring Gully the existing model shows the ore body terminated to the west by a fault. This has not been confirmed by drilling and the IP data indicated a continuation of the sulphide rich ore zone dipping at 30° west. Also there is the potential to extend the shallow portion of the ore body to the south. The current shallow RC drilling pattern is on a 100m grid, with some 50m infill.

Altius will carry out infill drilling to prepare JORC compliant inferred resources. The Queenslander ore body is open to the south, and current drilling indicates that the monzonite intrusive (6.0 to 9.0 g/t Au) exposed in the open pit can extend to depth and to the south. The drilling program will focus on mapping the extent of the monzonite intrusive.

Drilling target



HUNTINGFIELD

Company's interest in Huntingfield: 100%

Target commodities: Nickel-Cobalt, Platinum Group Elements (PGE), Iron Pisolites and Rare Earth Elements

Target: Ni Sulphides in KARS ultrabasic; iron pisolites in NW Sector; porphyry copper-gold

Location: The Huntingfield tenement of 600km² is in the Murray Basin near to Broken Hill, one of the large mining fields that spawned BHP-Billiton. It is located directly east of Radium Hill and Honeymoon Uranium projects in South Australia, selected after an extensive review of sedimentary basins and surrounding basement to find suitable sites for Group1 minerals.

Geology: The tenement sits astride the Kars gravity and magnetic feature that extends several 100 km to the northeast. This in not exposed but is based on regional geophysical data. The tenement was also explored in the 1970s as a possible uranium play.

The tenement was originally taken up because of a large uranium anomaly in the upper part of Eocene Renmark Beds and its proximity to South Australian mines and producers.

Potential mineralization: The tenement is prospective for iron pisolites, nickel, porphyry copper-gold type deposits and sedimentary type uranium. Inco Mines Ltd – Vale applied for ground adjacent subsequent to Altius acquisition and is focused on a southwest striking magnetic and gravity trend, the major part of which is contained in the south east corner of the Company's tenement. The mineralization trends directly onto the tenement, thus any further development by Inco-Vale will require joint venture negotiation. The area also contains copper, gold and uranium anomalies located over a flexure in a linear magnetic trend and basement structure. Recent departmental work has outlined ultramafic rocks on the tenement and adjacent areas that contain nickel under shallow cover.

Proposed exploration: The proximity to Broken Hill deposits, and more recent nickel and base metal discoveries in western NSW, makes this an interesting area. Also the complexity of the basement based on the magnetic data, allows for a wide range of mineral styles.

KARANGI

Altius' interest in Karangi: 100%

Target commodities: Gold

Target: Mt Browne and Illabo

Location: The Karangi EL of 290 km^2 is located in the Coffs Harbour hinterland in northeastern NSW. Included in the area are possibly 100-150 old gold workings, including the Mt Browne (Cu, Pb, Zn, Au and Ag) deposit. It includes the Orara and Coramba gold fields. The principal workings are at Mt Browne, the Beacon Group and the Illabo Mine.

Geology: Ground surveys in this area show the magnetic formations of quartz-magnetite BIF and/or pyrrhotite. These are far more extensive than the surface expression. The gold occurrence would be classified as a "close distal" deposits.

Potential mineralization: The optimum grade in the 1880s up to 1914 for the area is recorded as 34 g/T gold recovered, not easy to achieve when the stamp battery system recovery of gold could be as low as 50%. A total of 31.5Koz from 27,287T was recorded as produced from the major mines. In addition, a probable 5,000 to 6,000oz of gold came from the alluvial deposits formed in the drainages off the mines. At least two of the alluvial deposits were classified as having dredging potential.

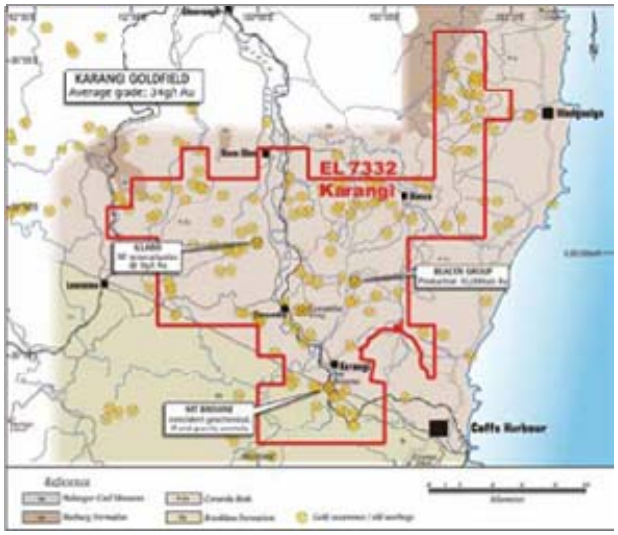
Early gold mining occurred at Mt Browne, which was worked on three separate occasions initially as a gold mine but later also produced copper. It closed in 1975. Production records show ore grades of 12.2% Cu, and 4.3 g/T Au in 1907, and 8.4% Cu and 2.7 g/T Au in 1972-73. Its last production was 1280T of ore at 8.44% copper and 5.0 g/T gold.

At the Illabo Mine, there is a known quartz-magnetite deposit with gold grades reported at 8 to 12 g/T. From the underground workings this

body is 9m x 91m horizontal by 61m deep, or approximately 140KT. At an average gold grade of 10 g/T, this known quartz-magnetite body contains approximately 50Koz. Its horizontal and vertical extent has not been tested by ground surveys or drilling, but based on the known horizontal dimensions. Each vertical of 100m is estimated to possess 80Koz of contained gold. There is a magnetic anomaly coincident with the Illabo mine.

The Beacon Group of mines warrants a ground magnetic and soil survey to map continuation of the formations hosting the gold mineralization. Targets will be defined from these surveys.

Gold occurrences in Karangi



Targets - Mt Browne

At Mt Browne and Beacon Group of mines, ground surveys showed the magnetic formations of quartz-magnetite BIF and/or pyrrhotite. The IP anomaly coincident with the Mt Browne mine can be traced to the west with anomalous copper, mercury and gold soil geochem results on this trend.

The gravity data defined two targets in the area that were not tested. Both of these have supporting IP or geochem anomalies and will be further tested.

Targets - Illabo

The "point source" magnetic anomaly at Illabo Mine correlates with a BIF carrying 9 g/T Au. These types of responses elsewhere in the tenement warrant investigation, as they have the potential to be of a reasonable width (9m at Illabo Mine), but of slightly lower grades (9 g/T Au).

BEEHIVE EAST EL7159

Altius' interest in Beehive East: 100%

Target commodities: Rare Earth Elements

Location: The Beehive East EL of 165km^2 is within the Lachlan Fold Belt and includes a coincident magnetic and gravity anomaly similar to the Northparkes mine and Yeoval area, 25 km to the south. The road and railway south of Dubbo to Wellington NSW passes to the east of the tenement boundary. There is also a secondary disused railway line crossing the tenement.

Potential mineralization: The discovery of the Wyoming gold deposit west of Beehive East has demonstrated the potential for larger lode-type mineralization hosted within the same Ordovician volcanic stratigraphy. Mineralization at Wyoming is in contrast with that at Peak Hill located 12 km to the south which is high sulphidation epithermal style.

To the immediate north of the tenement, Alkane EL5548, has recently announced a large trachyte deposit with rare earth oxides and a measured resource of 35.7MMT @ 1.96% ZrO2, 0.04% HfO2, 0.46% Nb2O5, 0.03% Ta2O5, 0.14% Y2O3, 0.745% Total REO, 0.014% U3O8. This deposit shows in the radiometric data (very strong uranium response), to the north of the tenement. Similar radiometric responses have been interpreted within the Beehive East tenement.

The tenement is located on the Yeoval Volcanic Complex, requiring detailed mapping and prioritizing geophysical/geochemical targets.

Proposed exploration: The regional radiometric data defined a coincident uranium and thorium anomaly which has the same response as the Alkane zirconium and rare earth deposit in trachytes. A recent (Oct 09) survey to the west showed that these trachytes were more extensive than mapped and that there are repeat trachyte pipes in this area.

The regional magnetic data defined responses associated with the Yeoval Complex and numerous cross cutting structures associated with mineralization warranting further investigation for copper and gold potential. A detailed low level magnetic and radiometric survey will accurately map these structures, and also the known trachyte pipes.

GOWULMA-GUNNERS

Altius' interest in Gowulma-Gunners: 100%

Target commodities: Gold-Copper

Location: The EL of 402km^2 is located in the central part of the Lachlan Fold Belt. The Yeoval District, with about 60 known copper-gold mineral occurrences (old mines) is well known as a porphyry-style prospect and was taken up to include a gravity low indicating similarities to the Northparkes area.

Geology: Within the EL there is a distinctive magnetic and radiometric contact between the Yeoval Granodiorite and Obley Complex referred to as the Obley-Nallawa "bridge". The bridge includes the Doonkuma North Prospects (vein Cu) and the Doonkuma Prospect (intrusive related Cu-Au). This contact aureole extends to the adjacent tenements to the south having similar line of mineralization and to the north as a high magnetic and low radiometric contact. This can mainly be attributed to the presence of a line of quartz-magnetite hills or a skarn along the contact.

Potential mineralization: Copper sulphide (chalcopyrite, bornite) is the most common mineralization associated with magnetite. This copper sulphide also contains gold reported with copper, indicating potential of low cost gold extraction method similar to those used at Cadia-Ridgeway and Northparkes.

Porphyry related mineralization has been worked at the nearby Goodrich Mine and nearby structures hosted by "granodiorite" after undergoing metamorphism and alteration. High grade gold content (1-2 oz) is reported in the quartz veins as a result of enrichment carried out in the upper portions of the lode during weathering.

Around 60 deposits are known in the district, of which a large number occur within the tenement.

- Dilga Creek (Gowulma) Prospect - Seven shallow shafts and an open cut worked copper (Ag/Au) and quartz veins
- Gunners Dam (Southern Cross and Corkers) Prospect. Opened in 1890.
- Doonkuma North (vein Cu).
- Doonkuma Prospect (Cu-Au).

WAMBOYNE

Altius' interest in W: 100%

Target commodities: Gold-Copper

Location: The Wamboyne tenement covers approximately 50 km of the Gilmore Suture, a major gold bearing structure in NSW.

Geology: There are a number of gold and base metal deposits at Wamboyne which require detailed investigation.

In north Gilmore Suture the structure splits, and there is a complex set of sub parallel and splay faults. Mineral deposits occur at these fractures similar to those reported to the south of the tenement.

A circular gravity low lies within the tenement similar to that at Northparkes and Escondida porphyry copper-gold district in Chile, establishing a geological and geophysical correlation between Chilean and NSW porphyry copper provinces.

The linear magnetic anomaly particularly in the northwest sector coincides with mapped pyroxenite ultramafics at surface. The company plans to follow up the magnetic anomalies previously highlighted.

Potential mineralization: The Cowal Gold Mine close to Wamboyne produces 250Koz Au p.a. with proven and probable reserves of 2.5MMoz and resources of 65MMT @ 1.24 g/T Au. Exploration targets within the tenement include untested magnetic low Gidginburg - type epithermal gold in andesite (high sulphidation gold), magnetic high signature Peak type deposit, Cobar polymetallic deposits and quartz-carbonate gold associations having little surface expression. The propylitically altered andesites are the host rock target to gold mineralization.

MOOCULTA

Altius' interest in Mooculta: 100%

Target commodities: Gold-Copper

Target: Follow-up previous exploration base metal occurrences.

Covers southern-end of the recently identified Weerawina Formation – Ordovician age shoshonic volcanic similar to Cadia.

Geology: The Mooculta deposit covers a major northeast trending structure and an interpreted granite intrusion on its southern side near

See important disclosures on page 36 of this report.

Ordovician Girilambone Group sediments. Four areas of low grade polymetallic mineralization have been located along the contact zone during the past exploration. The Geological Survey has recently interpreted a volcanic arc, the Bellevue Complex extending through Mooculta and Ordovician Warraweena Volcanics. If substantiated, this would enhance the mineral potential, especially under the largely ignored areas.

The prospective zone is defined by T11, T57, T17 and T14a base-metal prospects.

BURRAWAY

Altius' interest in Burraway: 100%

Target commodities: Gold-Copper

Target: Skarn related mineralization west of deep intrusive

Location: The Burraway tenement is located in the Lachlan Fold Belt covering a coincident magnetic and gravity anomaly similar to the Northparkes area, 70 Km to the south.

Potential mineralization: The tenement is covered by alluvials. It is located over an intrusive, the eastern margins defined by a magnetic anomaly interpreted as a possible skarn. There is a gravity low associated with the intrusive, which extends to the west.

BULLAMALITO

Altius' interest in Bullamalito: 100%

Target commodities: Base metals (lead and zinc)

Location: The Bullamalito deposit is located in the Lachlan Fold Belt and to the south of Goulburn NSW. It is approximately 20 km north of the Woodlawn lead-zinc deposit containing the same geological formation.

Geology: The area was selected based on magnetic, radiometric and gravity data over a known porphyry system.

The tenement is located over an interpreted collapsed caldera in the Woodlawn Volcanics. If this is the case, the caldera may have been the source of the Woodlawn Formation. There is a gravity anomaly associated with the caldera and the area was investigated as part of the regional exploration when Woodlawn was discovered. During these programmes, a bedrock INPUT conductor was located on the south side of the caldera that was not followed up. The possible mineralization could include VMS deposits, or late-stage igneous intrusions during the waning stage of volcanism.

PUGGOON

Altius' interest in Puggoon: 100%

Target commodities: Gold-Copper

Location: The tenement lies on the eastern margin of the Hill End Trough and the Sofala Anticline. The Gulgong Granite intruded moderately to steeply dipping Silurian and Devonian units of greywacke.

Target: Skarn-related mineralization is in the west of tenement, and the intrusive associated with the skarns. The Northparkes type target is identified here for follow up with alteration mapping.

Geology: The tenement is located on eastern Lachlan Fold Belt. Known mineralization correlates with a magnetic response interpreted as an aureole surrounding a larger intrusive. In places the amplitude of the magnetic response is sufficient to be classified as a possible skarn.

HONEYBUGLE

Altius' interest in Honeybugle: 100%

Target commodities: Nickel-Cobalt, Platinum Group Elements (PGEs)

Targets: Ultramafic formations with strong magnetic signature

Location: The Honeybugle tenement is located within the Fifield Platinum Province, northwest of the lateritic nickel-cobalt-platinum deposit at Syerston, which contains a reserve of 80MMT at 0.73% Ni and 0.13% Co with platinum credits.

Geology: A large ultramafic complex is present with potential for both nickel sulphide and nickel laterite deposits.

The tenement covers the intrusive ultrabasic rocks of the Ordovician Honeybugle Complex, which is one of a series of intrusives located within the Fifield Belt that lies adjacent to a major zone of crustal weakness within the Girilambone Anticlinorial Zone. These Alaskan–type intrusive complexes stretch in a northerly direction for some 180km, within which a number of platinum prospects have been worked in the past. The belt is regarded as a platinum, copper and nickel province with associated silver and gold.

The Honeybugle tenement covers part of the ultramafic complex that is classified as equivalent to the Owendale and Kelvin Grove Ni, Pt deposits. An economic model for this mineral style will be developed and exploration guidelines will be drawn up.

Potential mineralization: The most significant production in the tenement came from the following mines:

- The Honeybugle copper prospect, which also carries gold and silver, has produced values up to 2.6% Cu, 0.17 g/t Pt and 0.5 g/t Au.
- The Honeybugle North deposit, on an ironstone outcrop in weathered ultramafics. RAB sampling averaged 0.54 g/t Pt over a 20m wide zone.
- Yarran Park in weathered pyroxenite. A costean across a magnetic anomaly here revealed 194m x 0.34 g/t Pt, including 2m x 17.61 g/t Pt and Ni up to 1,700 ppm. RAB drilling gave a best intersection of 8m x 0.5 g/t Pt.
- Mallee Valley, where RAB drilling intersected 8m x 0.53 g/t Pt

YARRAN

Altius' interest in Yarran: 100%

Target commodities: Nickel-Cobalt, Platinum Group Elements (PGEs)

Target: Owendale, and Kelvin Grove equivalent ultramafic bodies, Ben Hur mineralization

There are ranges of mineral styles in, or adjacent to, the tenement, including the Owendale and Kelvin Grove deposits. An economic model for each mineral style will be developed and exploration guidelines will be drawn up. There are also base metal occurrences in the eastern sector of the tenement.

Location: The Yarran tenement is close to Fifield, the largest historical platinum-producing region in Australia, and to areas of mainly gold mineralization within the Girilambone Group metasediments. These are the Tullamore goldfield and the Burra gold-tin-platinum field, both associated with buried, near-surface intrusions.

Geology: The tenement is within the north-trending zone of the Fifield Platinum Province and contains the edge of the large ultrabasic intrusions, where Syerston, Owendale, Fifield and Cincinatti deposits are located. The tenement includes radiometric, gravimetric and magnetic anomalies, which are related to a set of magnetite-rich conical dykes. This is associated with a deep breccia pipe with conical fractures in the roof.

Adjacent to the tenement lie the Owendale, Murga and Tout Intrusive Complexes. These Late Ordovician ultrabasic Alaskan-type intrusives are associated with vermiculite and platinum, with platinum been mined from alluvium in the area. Regional aeromagnetics suggest that these intrusives as intense magnetic highs.

Over both Kelvin Grove and Fifield, the magnetic data shows a set of "onion rings", with the Kelvin Grove pattern almost a perfect circle. There are major gravity highs associated with both these complexes and portions of the Yarran tenement. This feature is compared with the Olympic Dam structure.

Technologies and Markets

Gold[viii]

Chemistry and Properties

Gold is a chemical element having symbol Au and atomic number 79. It is dense, soft, shiny and the most malleable and ductile pure metal. Pure gold is bright yellow and lustrous, and is not oxidized in air or water.

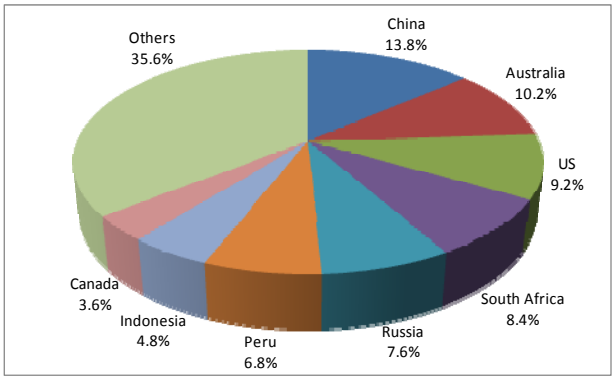
Gold Sources and Production

The metal occurs as nuggets or grains in rocks, in veins and in alluvial deposits.

A total of 165KT of gold has been mined in human history, as of 2009. This is roughly 5.175Boz or, in terms of volume, about 8,333m3. In 2010, total gold produced was approximately 2500T.

According to Gold Fields Mineral Services (GFMS), global gold production increased by 7% in 2010 compared with 2009, reaching 6,252T. China remained the top producer, followed by Australia, the US, South Africa and Russia.

GFMS expects global production to increase in the short term, but then decline due to fewer large discoveries.ix



Gold Uses

Gold has been a highly sought-after precious metal for coinage, jewelry, and other arts since the beginning of recorded history, mainly because of its resistance to corrosion which makes it quasi-inalterable over time; even if left out in the earth's atmosphere, unlike most other metals. Due to its preciousness, rarity and beauty, it has been linked to various symbolisms and ideologies, and displays of grandeur and power throughout history. This has substantially increased its desirability to individuals and states and has placed a premium on its price.

Value Conservation and Transmission – From Coinage to Central Bank Reserves

Gold has been one of the main coinage metals throughout history and has served as a symbol of wealth and a store of value. Gold standards have provided a basis for monetary policies and modern central banks complement the assets of the country, whose currencies they govern, and other currency reserves, with gold reserves as hard collateral for a minimal value preservation of these currencies. Private investors may also hedge their portfolio with gold during distressed times in equity, debt and cash markets. As with all large international commodities markets, there is a large element of speculation which underlies and animates the gold-as-an-investment market.

Jewelry: Gold's main use today is in ornamental products, especially jewelry. It is used because of its ostensible value, beauty and ductility, which enables complex sculpting and craftsmanship. In jewelry, it is used in different grade alloys. Pure (24k)[x] gold, owing to its softness, is usually alloyed with base metals for use in jewelry, altering its hardness and ductility, its melting point, its color and other properties. Alloys with lower gold purity, typically 22k, 18k, 14k or 10k, contain percentages of copper, other base metals, silver or palladium.

Red Gold **–** Copper is the most commonly used base metal, yielding a red tint.

Rose gold **–** 18k gold containing 25% copper is found in antique and Slavic jewelry and has a distinct, – though not dominant – copper cast, creating Rose gold.

Yellow Gold **–** 14k gold-copper alloy is nearly identical in color to certain bronze alloys, and both may be used to produce badges.

Blue Gold **–** It can be made by alloying with iron. Blue gold is brittle and, thus, difficult to use in jewelry.

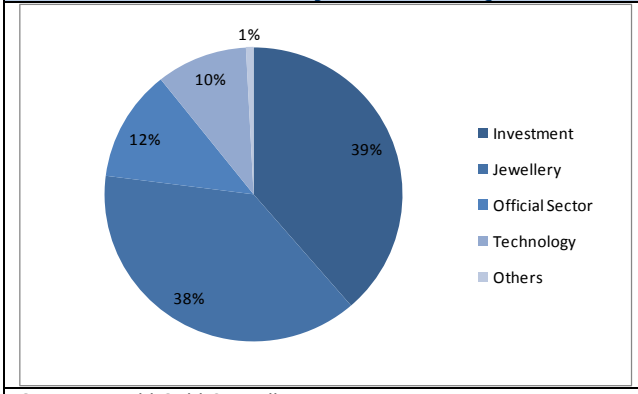
Purple Gold **–** It can be made by alloying with aluminum, although rarely done except in specialize jeweler.

Green Gold **–** 14k and 18k gold-silver alloys appear greenish-yellow and are referred to as green gold.

White Gold **–** It can be made with palladium or nickel, which is toxic and controlled by legislation in some places such as Europe.

Industrial Uses: Gold has many modern industrial uses, including dentistry and electronics, because of its resistance to corrosion and excellent quality as a conductor of electricity.

Demand of Gold by Sector in Q3-2011



Source: World Gold Council

Gold Market Driver[xi]

Gold demand is mainly driven by the need for preservation of value. The main indirect driver for gold is thus the economic situation. When inflation is high, investors find refuge in gold to preserve their principal. When equity and debt markets are depressed, gold is sought as a refuge for depreciating assets. In a period of economic uncertainty and increased volatility across asset classes; gold is considered as a source of diversification, risk management and wealth preservation.

Gold is recognized as the leading precious metal for jewelry in almost all cultures. Gold demand for jewelry in a given country is broadly sensitive to its living standard. As the middle classes in emerging economies see revenue growth, gold jewelry sales increase in these markets. This has been the case in countries such as China, the rest of East Asia and India, adding to the existing demand from the United States and the rest of the Western world.

Also, a structural shift in central bank's policy towards gold in recent times is driving the global gold demand. According to the World Gold Council, central banks across the globe became net buyers of gold in 2010 for the first time in 21 years, thus removing a significant source of supply to the market and continue to do the same in 2011.

According to the council, 2010 was an outstanding year for gold and increase in price by the end of Q2-2011 was in line with the 10-year average. The annual demand rose by 9% y-o-y to 3,812T and was approximately US$150B. The performance was mainly attributable to strong growth in jewelry demand, the revival of Indian market and strong demand in China.

Demand for gold has increased by 6% in Q3-2011 reaching a 1054T level, compared to its estimates in Q3-2010.

It is believed that in 2011, India and China will mainly drive the gold market. Rising income levels, high saving rates and strong economic growth will continue to increase gold consumption. The council expects the total gold demand to remain resilient across jewelry, investment and technology sectors over the coming period. Collective Central Bank purchases as of October end have already surpassed the total for 2010 and demand from central banks is expected to remain robust as per World Gold Council.

Market Trends: Gold Prices

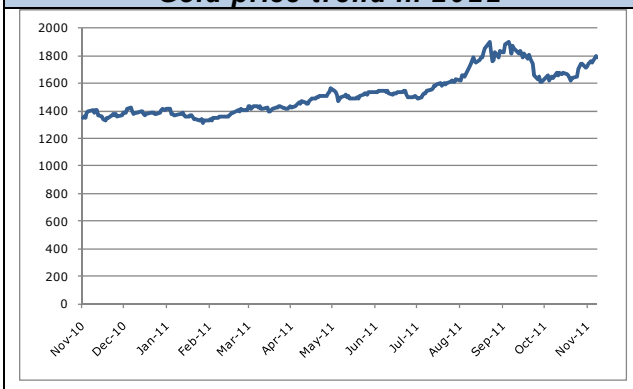
Gold prices are rising since 2001, when the price was around US$250/oz.; increased investment and physical demand has pushed up prices in 2010. Commodity prices rose as a result of increasing demand, mainly from emerging countries, and speculative demands from the markets. Market volatility has picked up sharply reflecting continuing concerns over the ability of the European and US political systems to resolve sovereign debt problems.

We expect the price rise to continue in 2011 and beyond, with European debt crises yet to be fully resolved, combined with mysterious implications of loose monetary and fiscal policy worldwide. Reports of G20 assessing the effects of Greek default and possible exit of Greece from euro zone have pushed gold higher.

The average gold prices during Q2-2011 were US$1506.13/oz 8.6% higher than that in Q1-2011. The gold price rose by 11.8% in August 2011, driven by a flight to quality by investors as uncertainties about the resolution of Euro and US sovereign debt issues intensified. During the current year, the prices rose to record high, trading as high as US$1,900/oz.

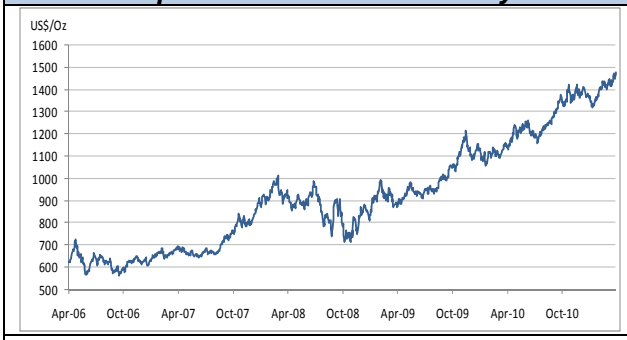
Currently, in November 2011, gold is trading in the range US$1,700/oz-US$1,750/oz.

Gold price trend in 2011



Source: www.bloomberg.com

Gold price trend in the last 5 years



Source: www.bloomberg.com

Copper

Copper is a chemical element with the symbol Cu (from the Latin *cuprum*) and atomic number 29. It is a ductile metal with very high thermal and electrical conductivity.

Copper sources and production

Production

Mineral-rich nodules of magnesium, copper and other metals are known to form as a product of deep-sea volcanic activity. Retrieving these nodules from the sea floor is as yet too expensive to allow this to be a major source of copper. Major copper producers include Australia, Canada, Chile, China, Mexico, Russia, Peru, and Indonesia. In the U.S., most of the copper ore is mined in Arizona, Utah, and New Mexico. Recycled copper, predominantly from scrap metal, supplies approximately a third of U.S. annual copper needs.

Sources

A preliminary assessment indicates that global land-based resources exceed 3BT. The amount of copper believed to be accessible for mining on the earth's land is 1.6BT. In addition, it is estimated that 0.7BT of copper is available in deep-sea nodules. Copper production for 2010 was 16.1MMT showing an 18% growth over a 10 year period from 2001.

Copper production and usage in 2010

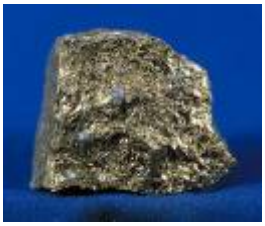
Region	Mined Prodn	Refined Prodn	Refined Usage
Africa	1315	857	285
N. America	1915	1690	2182
Latin America	7031	3893	632
Asean – 10	1089	534	748
Asia ex Asean/CIS	1661	7591	11054
Asia – CIS	491	413	96
EU – 27	758	2613	3332
European Others	826	1053	856
Oceania	1011	417	128
Total	**16097**	**19061**	**19314**

Source: www.icsg.org

Copper uses

Uses for the pure form: In its pure form, copper is drawn into wires or cables for power transmission, building wiring, motor and transformer wiring, wiring in commercial and consumer electronics and equipment; telecommunication cables; electronic circuitry; plumbing, heating and air conditioning tubing; roofing, flashing and other construction applications; electroplated coatings and undercoats for nickel, chrome, zinc, etc.; and miscellaneous applications.

Malachite



Chalcopyrite

Copper alloys: As an alloy with tin, zinc, lead, etc. (brass and bronze), it is used in extruded, rolled or cast forms in plumbing fixtures, commercial tubing, electrical contacts, automotive and machine parts, decorative hardware, coinage, ammunition, and miscellaneous consumer and commercial uses.

Native

See important disclosures on page 36 of this report.

Animal feeds and fertilizers: Copper is an essential micronutrient used in animal feeds and fertilizers.

Substitutes and alternative sources

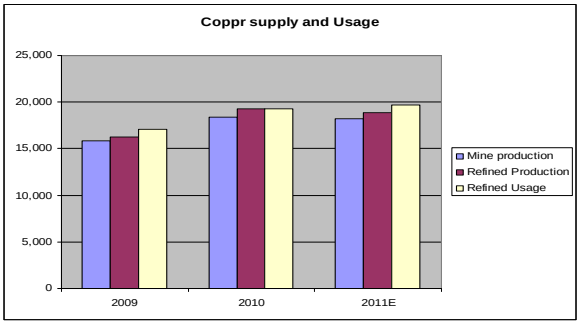
A number of plastic products can be used instead of copper for pipes. Fiber optic cables can be used in place of copper wires, and the invention of cellular and satellite telephone technology has allowed and is still allowing many areas of the world to bypass phone wires altogether. Aluminum can be used instead of copper for wires, refrigeration tubing, and electrical equipment.

Copper Market Driver[xii]

Copper's demand is mainly governed by its usage in various industries. With increased industrial growth, the demand for copper is also increasing. Global consumption of copper was reported at 19.6MMT in 2010, a y-o-y increase of 10.1%.

With many leading mines developed over two decades ago yielding ore with relatively lesser metal content; demand for copper is expected to exceed supply in 2011 and 2012. According to ICSG data, annual production deficit of copper in 2011 will be 250KT of refined copper. For 2012, deficit of another 250KT is forecasted, which will nearly get balanced in 2013, due to increased production and lower growth in demand.

Copper supply and Usage



Copper Price Trend

Copper prices in 2011 are mainly driven by tight supply situation and increasing demand. In 2010, Copper has outperformed other base metals with returns of 30% with copper prices touching an all-time high of US$9880/T in March 2011. The copper prices were in the range of $US 7,000-$US10,000/T, with occasional upside during the last one year. Currently, the price of copper is 7380/T in November 2011.

Rare Earth Metals

Chemistry and Properties

Rare earth elements are a group of 17 elements that constitute the largest chemically coherent group in the Periodic Table. The group comprises fifteen lanthanides, scandium and yttrium. Rare earth metals are abundant in nature, but are widely dispersed. They are naturally found in single-ore source, and are difficult to segregate because of similar physical and chemical properties. The pure rare earth metals are bright and silvery – but are oxidized easily – and good conductors of electricity.

Sources and Production

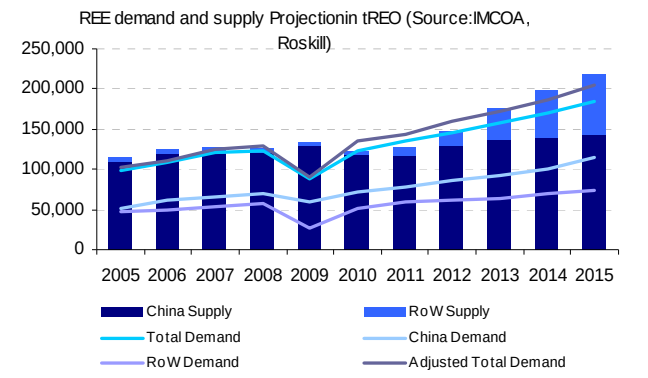
In 2010, total rare earth element (REE) production stood at 130KT. China accounted for 97% of the overall REE supply. China also holds the largest, approximately half of the world REE reserves. United States, Australia and India also hold rare earth metals reserves. These countries have seen increased activity in exploring rare earth metals with over 300 projects identified by mid-2010.

Metric tons of Rare Earth Elements (REE) content[xiii]

	Mine production		
Region	2009	2010	Reserves
United States	-	-	13,000,000
Australia	-	-	1,600,000
Brazil	550	550	48,000
China	129,000	130000	55,000,000
Commonwealth of Independent States	NA	NA	19,000,000
India	2700	2700	3,100,000
Malaysia	350	350	30,000
Other countries	NA	NA	22,000,000
All World	133,000	133600	113,778,000

Rest of the world is expected to increase its REE production eight-fold by 2015, according to Roskill updates. The following graph shows Roskill's projection of supply and demand till 2015.

REE demand and Supply Projection



Rare Earth Uses

Rare earth elements find usage in optical, magnetic, electrical and chemical industry. The following chart shows rare earth elements usage in each industry:

Rare Earths are a Group of Elements with Unique Properties

REE	Catalytic	Magnetic	Electrical	Chemical	Optical
Lanthanum (La)	□		□	□	□
Cerium (Ce)	□		□	□	□
Praseodymium (Pr)		□	□	□	□
Neodymium (Nd)	□	□	□		□
Samarium (Sm)		□			
Europium (Eu)					□
Gadolinium (Gd)		□			□
Terbium (Tb)		□			□
Dysrosium (Dy)		□			□
Holmium (Ho)					□
Erbium (Er)					□
Ytterbium (Yb)					□
Yttrium (Y)					□

[xiv]

Rare Earth Market Driver

The key demand drivers for rare earth are magnets and phosphors, which are also its largest end-users by value. However, magnets, catalysts and metal alloys are the largest end-users in terms of volume.

Currently, a supply shortage of REE is increasing REE prices globally. IMARC Group, expects total supply of REE to outpace demand significantly with a number of new mines starting production in the next five years still viewing a supply shortage in a few critical REE metals.

Market Trends: Rare Earth Prices

Several light rare earths, such as lanthanum and cerium, experienced average pricing gains of 600-700% in 2010. While most heavy rare earths saw modest gains, they generally doubled on average in 2010.

Price of Lanthanum increased to US$150/kg in August 2011 from US$50/kg in the beginning of 2011 and that of Cerium rose from approximately US$50/per kg in January 2011 to over US$416.38/kg in June 2011. Another rare earth element, dysprosium oxide, used in magnets, lasers and nuclear reactors, has also risen from US$700-740/kg to US$1,470/kg — up by almost 100%.

These sharp price rises can primarily be attributed to China's export quota for H2-2011, showing a y-o-y increase while reducing the total quota for 2011. This has also led to an increase in prices of rare earth metals along with mines having stopped production to comply with restrictions.

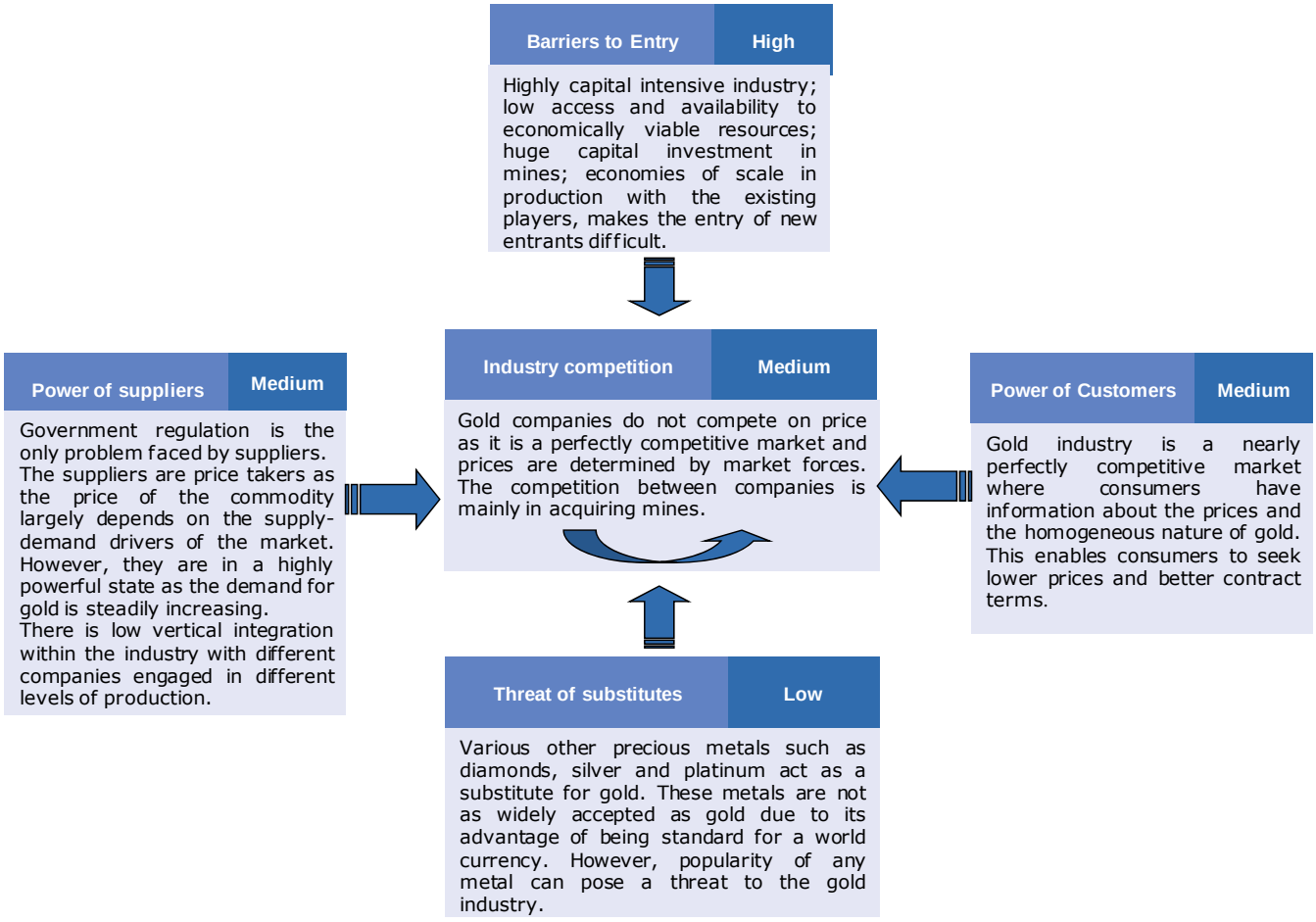
In future, China's increasing demand for rare earth metals in new applications (such as wind turbines), coupled with reduced export quotas, is expected to further increase the global rare earth metals prices.[xv]

Iron Pisolite

Pisolitic iron ores are sub angular to rounded, up to 6 mm in diameter, important resource of medium-grade iron ore. The brown-yellow colour ore is cheap to mine and unique only to the Australian Region. It is also known as Channel Iron Deposits.

Iron deposits are formed by accumulation of hematite gravels called pisolite iron gravels. It mainly contains concretions of goethite-hematite and fossil wood cemented with iron oxide. Iron pisolites also contain a minor amount of clay in it.

Porter's Five Force Analysis for the Gold industry



Project Risk Profile Analysis

We believe Altius Mining has a low-to-medium risk profile ccompared with its peers in Australia. The Forsayth project has medium-to-high financing risk and medium project stage and keyman risk as compared to its peers and a low-to-medium risk profile in terms of operational and regulatory risk. Overall its risk profile is relatively higher in comparison with peers like Norton Goldfields Limited and Norseman Gold Plc (having lower risk owing to its high resources and well established projects with ongoing production), and relatively lower in comparison to peers like Carrick Gold Limited and Tanami Gold NL (with projects in exploration and drilling stage).

Peer Risk Analysis

We have evaluated the risk profile of Altius Mining compared with other gold players in Australia. We identified the risk as Medium and assigned a score of 1.7 based on the risk profile of the major projects pursued by the companies. The important risk categories considered for the study include

- *Project Maturity Risk:* LOW - Near feasibility; HIGH - Proof of concept stage
- *Financing Risk:* LOW - Near negotiations / lower exploration capex; HIGH - Funding need for exploration or no well known funding sources
- *Operational and Regulatory Risk*: LOW – advanced stages of production and stable grade extraction with all regulatory approvals in place; HIGH – nascent stages and volatile grade extraction or more regulatory approvals needed
- *KeyMan Risk*: LOW – all key operations / decisions do not depend on a few people; HIGH – few decision makers whose presence is critical

The individual risk parameters and the underlying rationale for the scores are discussed in the subsequent sections.

Peer Risk Profile

Company	Ticker	Risks				
		Total Score	Project Stage	Financing	Operational & Regulatory	Key Man
Altius Mining	AYM	1.7	1.5	2.0	1.5	2.0
Norton Gold Fields Ltd	NGF	1.5	1.5	2.0	1.0	1.5
Gold Road Resources	GOR	1.8	2.0	1.0	2.0	2.0
Carrick Gold Ltd	CRK	2.2	2.5	1.5	2.5	2.0
Norseman Gold Plc	NGX	1.3	1.0	2.0	1.5	1.0
Tanami Gold NL	TAM	2.1	2.0	2.5	2.5	1.5

Forsayth –Queensland

Project Stage Risk – MEDIUM

The company is currently working towards immediate development of deposits to begin gold production. Arrowhead believes the project risk to be medium considering the company has carried out trial mining and significant development work but is yet to begin its initial production.

Financing/Capex Risk –MEDIUM

The company has recently been listed on the ASX and issued its first IPO on 19th September 2011. Capex requirements for commencing production activities can be medium as the capital raised is being planned to be utilized in various tenements over the next two years. At the same time, the company has planned allocations across its projects based on the individual project requirement, mitigating funding shortfalls to some extent.

Operational and Regulatory Risk – LOW to MEDIUM

The company has commenced preliminary mining and expects to carry out production soon. The mine is expected to provide high grades, as various tenements at Forsayth have been explored in the past with adequate geological data available. Further, the company is expected to develop three deposits under Forsayth as high grade underground projects. The project has reached production stage with the necessary approvals required.

KeyMan Risk – MEDIUM

The company relies significantly on its experienced team of directors, geologists and professionals. The company has made various policies for its personnel and takes conscious efforts for their retention.

Risk Parameters – Definition

Project Stage Risk

The different stages in a project are

- **Early stage exploration:** In this stage, the exploration location is decided using combinations of various techniques such as, sampling, drilling, geophysics like gravity, magnetic, electric and other extensive geological and exploration services.
- **Advanced Exploration:** Post identification of gold deposit, some specific methods like diamond drill, bulk sampling, stripping, test milling and other laboratory sample processing is carried out to further assess and develop the deposit.
- **Pre-feasibility study:** A preferred Base Case option will be identified from the possible options available to the company. The preferred Base Case option will be developed to provide some level of confidence in the production capacity, ore grades, metal recovery, capital and operating costs, project schedule, and project risks / opportunities. A financial analysis will also be carried out in order to assess the economic viability of the project.
- **Feasilbility study:** This includes a collection of more detailed information, additional designs, and project-specific cost information to refine the project cost and schedule. This will also address information gaps, issues of concern, risks, and opportunities identified in the advanced exploration stage.
- **Detailed engineering:** Detailed designs based on the project scope, concept designs and purchase of key plant equipment will be completed.
- **Site construction:** Site construction starts as per the field engineering designs and is expected to confirm adherence to appropriate quality control practices.
- **Commissioning and start of operations:** After completion of construction, operability testing and acceptance, the owner will be seeked to confirm whether the project construction and performance is as designed and meets the required plant performance and safety requirements. The final operating control programs will be completed, installed, and tested for its fuctional efficiencies.

We consider a project to carry lower risk profile if feasibility study is complete and detailed engineering has been conducted as the uncertainty regarding the sustainability of the project reduces significantly.

Project Financing Risk

Initial stages of exploration, development and production requires high levels of capital investment. Investments will be risker when done in exploration stage as the economic viability of deposit is not determined. The risk level of the capital reduces as it advances through the various exploration stages.

Initial stages of exploration, and development of the project attracts high risk capital investors. As the project stages proceed, they have varied options like equity (IPO), debt financing, etc.

We consider a project to carry lower risk profile if feasilbility study has been conducted and the exploration capital expenditure is low.

Operational and Regulatory Risk

Mining machinery, transport and new technologies, including those developed by the company, are used for operations in areas which have complicated geological and climatic conditions. There are increased risks of flooding, pit slope and rim slide, accidents caused by the use of mining transport equipment due to adverse weather conditions and problems in power supply facilities and recovery plants.

These risks could result in delayed ore production and recovery, increased costs, health, safety and environmental issues and affects the company's production activities. Additionally, the quality of ore reserves, and the method used for extraction also contributes to the operational risk.

We consider a project to carry lower risk profile if the company is in the advanced stages of its operations and extracts fairly stable ore grades.

Mining operations and exploration and development activities are subject to laws and regulations, and requires permits from regulatory authorities for some its operations. Obtaining necessary approvals can be time consuming, delay of which could also result in monetary losses and a delay in operations.

We consider a project to be of lower risk profile if the company is in the advanced stages of its operations.

KeyMan Risk

Highly specialized employees are required in mining and exploration of the metal. The industry being highly capital intensive, a wrong decision can have a huge impact on the company. Systematic working and innovation depends on the people working on the project.

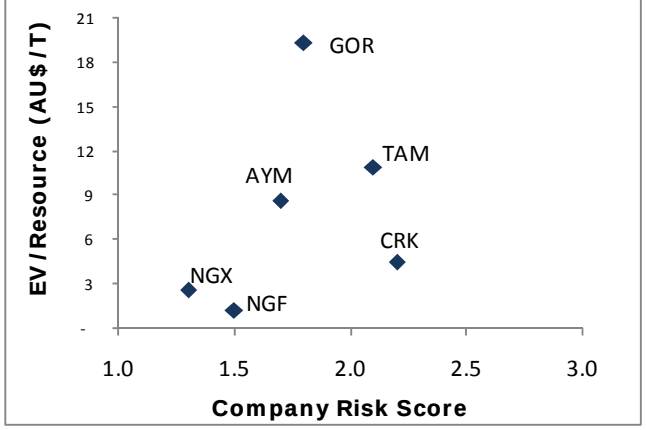
We consider a project to be of lower risk profile if key operations are well distributed amongst members of a larger management team.

Peer Valuation and Risk Profile

We have evaluated the companies based on the value per resource and the risk profile.

Enterprise Value per Ton (AU$/T) has been used as a proxy for the valuation measure. The risk profile has been assessed as a weighted blended score based on project maturity risk (40% weightage), financing risk (20%), operational and regulatory risk (20%) and keyman risk (20%). The individual risk score has been provided in the risk profile table in the previous section.

Valuation Vs Risk Profile

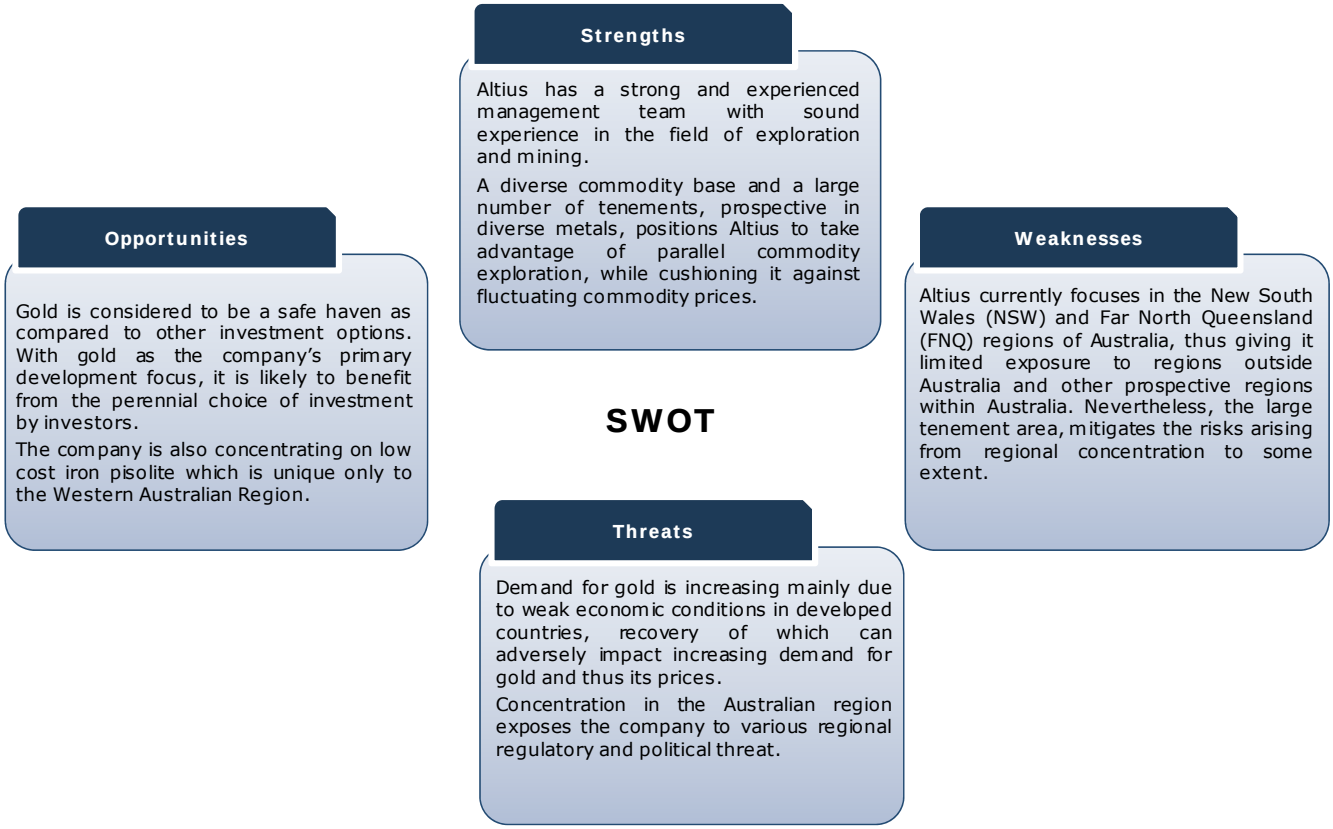


Valuation Vs Risk Profile[xvi]

Company	Total Risk Score	Enterprise Value (AU$MM)	Total Resource (MMT)	Enterprise Value / Resource (AU$/T)
AYM	1.7	30.89	3.6	8.7
NGF	1.5	139.52	112.4	1.2
GOR	1.8	177.20	9.2	19.3
CRK	2.2	57.66	12.8	4.5
NGX	1.3	57.93	22.3	2.6
TAM	2.1	249.84	23.0	10.9

Company	Major Projects	Project Stage / description	Financing information	Market cap (AU$MM)
Altius Mining	Forsayth, New Sputh Wales	Near completion of gold processing plant; preliminary mining stage	Joint Venture, common equity and debt	27.2
Norton Gold Fields Limited	Paddington, WA	Resource infill and extension drilling	Common Equity, M&A, Rapidly reducing Debt	169.9
Gold Road Resources	Yamarna Gold Project, WA	RC drilling and metallurgical testing	Private placement, common equity and Government Funding	132.5
Carrick Gold Limited	Lindsay's Project	RC Drilling	Common Equity, no debt	55.9
Norseman Gold Plc	Norseman Project, Yilgarn Block, WA	Production	Common Equity, Secured convertible loan notes	20.0
Tanami Gold NL	Central Tanami, WA	Initial Diamond Drilling	Common Equity and Debt	255.8

SWOT Analysis



Value

The Fair Market Value for Altius Mining Limited shares stands between AU$49.25MM and AU$84.35.

The Fair Market Value for one of Altius Mining Limited publicly traded shares stands between AU$c18.99and AU$c32.53MM.

Altius Mining Balance Sheet Forecast

CONSOLIDATED BALANCE SHEET

all figures in '000 AU$, unless stated differently

Low bracket estimates

year ending JUNE 30	*2012E*	*2013E*	*2014E*	*2015E*	*2016E*	*2017E*	*2018E*
Total Current Assets	14,151	17,690	23,568	27,692	38,340	46,375	63,062
Total Non-Current Assets	17,136	22,744	34,583	49,533	56,852	66,733	73,212
TOTAL ASSETS	**31,287**	**40,434**	**58,151**	**77,224**	**95,192**	**113,108**	**136,275**
Total Current Liabilities	5,118	5,926	7,344	8,015	8,300	8,597	9,519
Total Non-current Liabilities	1,179	886	594	302	9	9	8
TOTAL LIABILITIES	**6,297**	**6,813**	**7,938**	**8,317**	**8,309**	**8,606**	**9,527**
Total Shareholders' Equity	24,990	33,622	50,213	68,907	86,883	104,503	126,747
TOTAL LIABILITIES and EQUITY	**31,287**	**40,434**	**58,151**	**77,224**	**95,192**	**113,108**	**136,275**

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation researches possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, the company researches the fundamentals, assets and liabilities of a company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earning ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

We have also presented the comparables method based on market capitalization per resource of ton (AU$/T) as a secondary measure of fair value, which, though is not central to the methodology applied towards building the fair value bracket, is presented here as additional information.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the company intangibles to analyze the strengths and weaknesses, and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially

in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium-term alignment analysis (one to twelve months). The reader should refer to important disclosures on page 36 of this report.

Information on the Altius Mining Limited valuation

Altius Mining Valuation Methodology: The Arrowhead fair valuation for Altius Mining Limited is based on the discounted cash flow (DCF) method. Valuation is based on three projects namely Forsayth, Sofala and Karangi.

Time Horizon: The Arrowhead fair valuation for Altius Mining Limited is based on a DCF method. The time period chosen for the valuation is 125 months (2012-2022). While revenue is expected to ramp up significantly during the 2015-2018, the later years are heavily discounted and have a marginal effect on valuation, which are included primarily to present a full project cycle situation.

Terminal Value: Terminal Value is estimated to depend on a terminal growth rate of 0%, representing the maturity, technology change and prospective competiveness in the business.

Prudential Nature of Valuation: This Arrowhead Fair Value Bracket estimate is a relatively prudential estimate, as it discounts the eventuality of the company acquiring and producing from any projects other than Forsayth, Sofala and Karangi before 2022.

Key variables in Altius Mining's revenue estimations

Variable 1 – Hypothesis for gold production at Forsayth

Production at Forsayth is expected to start in December 2011, with production estimated to be in the range 12000-13000oz for 2012. Considering the inferred resources for this project and applying the applicable discount to account for execution risks, the production is estimated to be in the range 22000-25000 in 2013, 42000-45000oz from the year 2014 to 2017 and 52000-55000oz from 2018.

	2012E	2013E	2014E-2017E	2018E-2022E
Low	12000	22000	42000	52000
High	13000	25000	45000	55000

Variable 2 – Hypothesis for gold production at Sofala

The estimated production at Sofala is expected to start in 2015 considering it is currently in the drilling stage. Based on the inferred resources discounted for applicable implementation and execution risk, production levels are projected at 5000-6000oz for 2015 to 2018 and 6000-7000oz from the year 2019 to 2022.

	2015E-2018E	2019E-2022E
Low	5000	6000
High	6000	7000

Variable 3 – Hypothesis for gold production at Karangi

The estimated production at Karangi is expected to start in 2015 considering currently it is conducting ground survey at the property. Based on the inferred resources discounted for applicable implementation and execution risk, production levels are projected to range between 1800-2000oz for 2015 to 2018 and 2000-2200oz from 2019 to 2022.

	2015E-2018E	2019E-2022E
Low	1,800	2,000
High	2,000	2,200

Variable 4 – Forecast price of gold for 2012-2021

Gold prices have breached the peaks of US$1,600/oz in Q3-2011 reached record highs of US$1,901/oz since the start of 2011. In 2010, as the European Markets saw a downfall and the US economy was feared to another recession, gold prices soared up.

Based on this forecast and on hypothesis for an average of price stability, Arrowhead forecasts that a comfortably low estimate for 2012 prices of gold should be US$1,550/oz, whereas a prudent high estimate should be US$1,600/oz. The price should increase through 2013-2022 with a +0.30% CAGR.

Variable 5 – US$/AUS$ exchange rates

Since Altius' forecast revenues are sensitive to the forecast international prices of gold and, which is priced in US$, and since Altius is listed in AUS$, the currency factor is of importance. US$/AUS$ exchange rates of 0.91 are the benchmark for a low value, while a high value estimate is on an average rally at 1.0.

Analyst certifications

I, Rashmi Shah, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

I, Vishal Pasari, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2011 from Altius Mining Limited for researching and drafting this report and for a series of other services to Altius Mining Limited, including distribution of this report and networking services. Arrowhead BID owns long positions in Altius Mining common equity.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary.

Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision taking process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall, and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

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Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

Valuation

WACC

Risk-free rate	4.0%[xvii]
Beta	1.10[xviii]
Risk premium	15.0%[xix]
Additional Risk Premium	2.0%[xx]
Cost of Equity	22.7%
Terminal Growth Rate	0.0%[xxi]

	Production capacity	Commodity price	Exchange rate
Max value	*Please refer to the Key Variable Section*		
Min value			

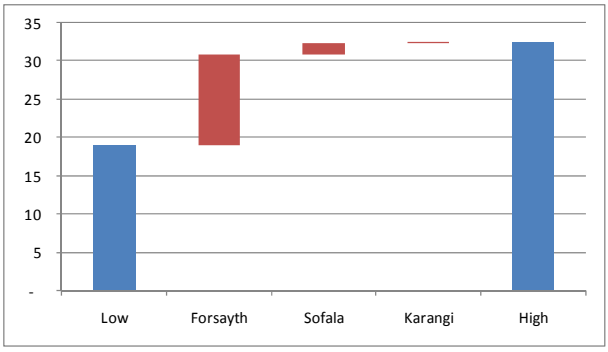
FCFE (High) Time Period -->	0.42	1.42	2.42	3.42	4.42	5.42	6.42	7.42	8.42
	2012E	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Net cash from operating activities	6,116	11,613	22,540	28,820	29,956	30,710	36,077	38,957	40,168
Capital Expenditure	(4,050)	(6,087)	(13,130)	(17,273)	(10,456)	(14,116)	(11,434)	(13,378)	(10,435)
Net Debt Addition	199	220	231	243	255	268	281	(593)	(534)
Free Cash Flow to Equity	**2,265**	**5,746**	**9,641**	**11,790**	**19,755**	**16,861**	**24,925**	**24,986**	**29,200**
Discount Factor	0.92	0.75	0.61	0.50	0.41	0.33	0.27	0.22	0.18
Present Value of FCF	**2,081**	**4,303**	**5,887**	**5,869**	**8,018**	**5,580**	**6,725**	**5,496**	**5,237**

FCFE (Low) Time Period -->	0.42	1.42	2.42	3.42	4.42	5.42	6.42	7.42	8.42
	2012E	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Net cash from operating activities	3,684	7,974	15,605	20,230	21,096	21,838	26,034	28,605	29,782
Capital Expenditure	(4,050)	(6,087)	(13,130)	(17,273)	(10,456)	(14,116)	(11,434)	(13,378)	(10,435)
Net Debt Addition	199	220	231	243	255	268	281	(593)	(534)
Free Cash Flow to Equity	**(167)**	**2,108**	**2,707**	**3,200**	**10,894**	**7,990**	**14,882**	**14,635**	**18,814**
Discount Factor	0.92	0.75	0.61	0.50	0.41	0.33	0.27	0.22	0.18
Present Value of FCF	**(153)**	**1,578**	**1,652**	**1,593**	**4,422**	**2,644**	**4,015**	**3,219**	**3,374**

ARROWHEAD FAIR VALUE BRACKET

	High	Low
Terminal Value (TV)	132,474	86,484
Present Value of TV	15,795	10,311
Present Value of FCF + TV	**72,900**	**37,803**
+ Cash	11,446	11,446
Equity Value Bracket	**84,346**	**49,249**
Shares Outstanding (in '000)	259,313	259,313
Fair Value Bracket	**32.53**	**18.99**
Current Market Price	AU$c9.00	AU$c9.00
Current Market Cap (AU$)	**23.34**	**23.34**
Target Market Cap (AU$)	**84.35**	**49.25**

AU$c Value Contribution by Key Variables



Notes

i *Arrowhead Business and Investment Decisions (ABID) Fair Value Bracket. See information on valuation on pages 33-37 of this report and important disclosures on page 36 of this report*

ii *Source: Bloomberg retrieved 12 December 2011*

iii *Bloomberg 52 weeks to 12 December 2011.Source: Bloomberg as on 12 December 2011*

iv *Bloomberg 30 days to 12 December 2011.Source: Bloomberg as on 12 December 2011*

v *Source: Bloomberg retrieved 12 December 2011*

vi *Arrowhead Business and Investment Decisions (ABID) Fair Value Bracket. See information on valuation on pages 33-37 of this report and important disclosures on page 36 of this report*

vii *Source: Bloomberg retrieved 23rd November 2011*

viii *Source of information and photograph in this section: Wikipedia page – http://en.wikipedia.org/wiki/Gold.*

ix *http://www.goldsheetlinks.com/production.htm*

x *K stands for karat, a standard unit of measurement for the purity of gold*

xi *World Gold Council and GFMS*

xii *http://www.telegraph.co.uk/finance/commodities/8816732/Copper-demand-continues-to-exceed-supply.html*

xiii *http://minerals.usgs.gov/minerals/pubs/commodity/rare_earths/mcs-2011-raree.pdf*

xiv *http://www.smenet.org/rareearthsproject/SME_2010_Kingsnorth.pdf*

xv *http://www.business-standard.com/india/news/rare-earth-prices-surgesupply-concerns/439831/*

xvi *Enterprise value – Bloomberg retrieved 08-Nov-11*

xvii *Bloomberg as on 02 December 2011*

xviii *Arrowhead Estimate*

xix *Arrowhead Estimate*

xx *Arrowhead Estimate*

xxi *Arrowhead Estimate*