



ALTITUDE  
RESOURCES INC

September 5, 2014

## **Altitude Resources Inc. and Elan Coal Ltd. to Joint Venture with Kuro Coal Limited to Develop Elan Coking Coal Project**

### **Highlights**

- **Through a Joint Venture between Altitude Resources Inc. (“Altitude”) and Elan Coal Ltd. (“Elan”), Kuro Coal Limited (KCO – ASX Australia) (“Kuro”) has agreed to acquire up to a 70% interest in the Elan Coal Project located in southwestern Alberta, Canada.**
- **Acquisition is based on various milestones which include drilling and completion of Scoping Study, Preliminary Feasibility Study and a Bankable Feasibility Study (“BFS”)<sup>1</sup>.**
- **Altitude and Elan shall have a free carried proportionate interest until the completion of the BFS, at which time each party will need to fund their proportionate expenditure, or dilute accordingly.**

**CALGARY, ALBERTA** - Altitude Resources Inc. (TSX-V:ALI), on behalf of Elan Coal Ltd. is pleased to announce a Joint Venture arrangement with Kuro Coal Limited of Perth, Western Australia, whereby Kuro can acquire up to 70% interest in the Elan Coal Project. Upon successful completion of several exploration milestones, culminating in the completion of a feasibility study, Kuro will have earned a 70% ownership position in the Joint Venture. Altitude and Elan will own 12.5% and 17.5%, respectively.

As previously announced on August 12, 2013, Altitude and Elan had entered into an option agreement (“the Option Agreement”) whereby Altitude had the opportunity to earn up to a 51% interest in the Elan project in exchange for an exploration investment of \$15 million. In exchange for payments made to date (totaling \$256,707) and

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<sup>1</sup> Note: A “Scoping Study” for Canadian securities reporting purposes is referred to as a *Preliminary Economic Assessment* and a BFS for Canadian securities reporting purposes is referred to as a *Feasibility Study*.

Altitude's management of the Elan project, Altitude will maintain a 12.5% free carried interest in the project through to completion of a BFS.

Commenting on the amended Option Agreement and joint venture with Kuro, Altitude President and CEO Gene Wusaty stated: "We are very pleased to continue to be a part of this exciting metallurgical coal exploration opportunity. The involvement of the experienced Kuro management team in the Joint Venture is expected to provide the project with access to funding right through to feasibility. This will allow Altitude to focus fully on its exploration efforts on its 100% owned Palisades and related projects in west central Alberta."

Commenting on the agreement, Kuro Coal Non-Executive Director Mr Gino D'Anna stated: "The Elan acquisition is an outstanding coking coal opportunity and fits Kuro's Canadian metallurgical coal strategy."

Elan is located in the foothills and front ranges of the Rocky Mountains of Alberta, between about 15 and 70 kms north of the Municipality of Crowsnest Pass. Historic exploration work has divided the property into Savanna Creek, Isola Peak, Isolation Ridge, Isolation South, Wildcat and Grassy North areas. The Elan project comprises 27 Alberta Crown coal licenses covering an area of approximately 23,000 hectares. The majority of the project can be accessed via paved highways as well as a system of limited use roads and access trails.

**Figure 1: Location of Elan project**



## Acquisition Terms

Kuro can acquire up to a 70% interest in Elan on the following terms:

- 1) Kuro will pay CAD\$25,000 upon execution of a binding Letter of Intent;
- 2) To earn an initial 20% interest in Elan, Kuro will:
  - a. upon the execution of a formal and binding JV Agreement, pay the vendors CAD\$150,000;
  - b. upon listing of Kuro on the ASX, issue the vendors 1,500,000 fully paid ordinary shares (subject to 24 months voluntary escrow) at a deemed issue price of \$0.20 per share; and
  - c. Kuro will allocate an initial \$500,000 towards a 2014 exploration program;
- 3) Kuro will be entitled to further increase its interest in Elan as follows:
  - a. it can increase its ownership to 45% by:
    - i. spending at least CAD\$2.5 million in exploration on Elan; and
    - ii. completing a Scoping Study.
  - b. it can increase to 60% by:
    - i. spending a further CAD\$4 million in exploration on Elan; or
    - ii. completing a Preliminary Feasibility Study.
  - c. it can increase to 70% by:
    - i. completing a BFS;
- 4) Kuro will issue fully paid ordinary shares (subject to 6 months voluntary escrow from the date of issue) upon the achievement of the following milestones:
  - a. 400,000 fully paid ordinary shares upon the delineation of a 100Mt JORC Code compliant Indicated Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro<sup>2</sup>.
  - b. 600,000 fully paid ordinary shares upon the delineation of a 200Mt JORC Code compliant Indicated Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro.
  - c. 800,000 fully paid ordinary shares upon the delineation of a 50Mt JORC Code compliant Measured Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a

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<sup>2</sup> Note, there were no material differences between the NI 43-101 compliant Technical Report for the Elan Property and the corresponding JORC compliant report (in accordance with 2012 JORC guidelines).

Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro

- d. 1,000,000 fully paid ordinary shares upon the delineation of a 100Mt JORC Code compliant Measured Resource of coking coal (up to 15% non-coking coal may be used in calculating resource under this milestone) to a depth not exceeding 300m at the Elan project, with verification to be completed by a Competent Person under the 2012 JORC Code guidelines to the absolute satisfaction of Kuro.
- 5) Subject to completing a BFS, Kuro will retain a right of last refusal to acquire the remaining 30% interest in the Elan project on commercially acceptable terms;
- 6) Kuro is the Operator to the Joint Venture;
- 7) Mr Gene Wusaty will be offered a part-time consultancy position for a period of 2 years and will be paid a fee of CAD\$75,000 per annum;
- 8) The Joint Venture Committee will consist of 50% representation by both Kuro and the vendors with the chairman being elected by Kuro. The chairman will have a casting vote; and
- 9) The vendor of the Elan project shall have a free carried proportionate interest until the completion of the BFS, at which time each party will need to fund their proportionate expenditure, or dilute accordingly.

### **Elan – Altitude Agreement**

Due to difficult financial market conditions, Altitude has been unable to meet its obligations under the Option Agreement. As a result, the Option Agreement has been amended. The terms of the Revised Option Agreement include:

- 1) In exchange for funds advanced to-date under the Option Agreement and the management of the Elan project to date, Altitude has earned a 12.5% interest in the Elan project;
- 2) Provided Kuro continues to exercise its option to fund exploration on the Elan project under the terms of the JV Agreement, Altitude's interest will be maintained at 12.5% right through to the completion of a BFS;
- 3) Upon execution of the formal Joint Venture Agreement between Elan and Kuro, Altitude will receive a payment of \$150,000 (see Acquisition Terms 2.b, above). Upon completion of this payment, Altitude's net cash investment in the Elan project will total approximately \$106,000;

- 4) Altitude will receive its pro-rata share (12.5%) of the shares issued by Kuro under the terms of the JV Agreement and summarized in sections 2 and 4 of the Acquisition Terms above.

## **Project Infrastructure**

The southern part of Elan is highway accessible by driving approximately 20 km north from Coleman via Kananaskis Highway. The northern part of the property can be accessed 42 km north of Coleman, via the Kananaskis Highway and the Oldman River Route. These routes provide maintained access to the limited-use road network that reaches, from south to north, the Isolation South (OMR), Isolation, and Savanna areas. Transport to and from the property is by 4x4 truck and ATV.

A Canadian Pacific rail line runs through Crowsnest Pass and connects with western Canadian ports in Vancouver or as far as the Great Lakes eastwardly. The nearest airport is located in Pincher Creek, Alberta, approximately 50 km east of Coleman along Highway 3 (Crowsnest Hwy). Accommodation, food, fuel and other necessary services are available in Coleman and Blairmore ( Municipality of Crowsnest Pass ), Alberta, which are located 10 to 60 km south of the property. The local economy is primarily based on tourism, forestry, and coal-mining. Teck Coal owns and operates five coking coal mines in the local area.

## **Geology**

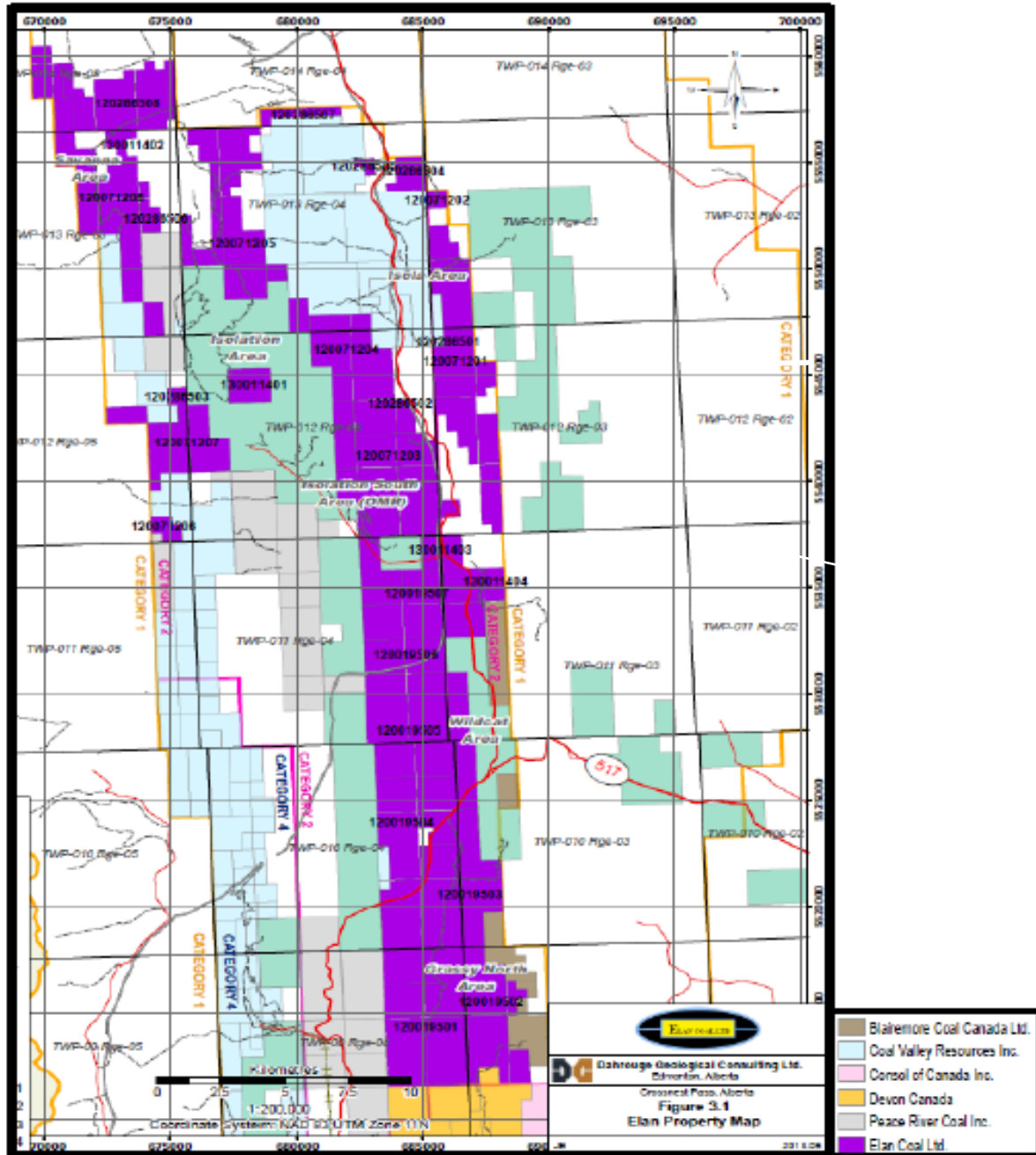
Elan lies within the Front Ranges of the Canadian Rocky Mountains in the Crowsnest Pass area and spans the north-trending, west-dipping, Coleman, McConnell and Isolation thrust sheets. The Crowsnest Pass area is characterized by Jurassic to Lower Cretaceous rocks of the Fernie, Blairmore and Kootenay Groups, and the Crowsnest Formation. Historical drilling on and near Elan suggests there are 10 to 16 coal seams that range from 3 to 10 m in thickness, many with economic potential. Coal rank is low–to medium–volatile bituminous with variable but generally moderate ash content, good washability, and good coking properties.

Altitude previously announced an initial NI 43 – 101 Coal Resource estimate comprising of 62 million tonnes (“Mt”) in the Measured and Indicated Mineral Resource category (nil Measured; 62 Mt indicated) and 85Mt in the Inferred Mineral Resource category. Dahrouge has identified a 743 Mt exploration target for the Elan property<sup>3</sup>. The largest component of the exploration target tonnage was located in the Wildcat and Grassy North areas (see map below) in the southern area of the Elan property.

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<sup>3</sup> The exploration target identified by Dahrouge is conceptual in nature as there has been insufficient exploration to date to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The exploration target was determined by Dahrouge based on a combination of down-dip projections and data point density estimations.

Figure 2 : ELAN LEASE OWNERSHIP MAP & DRILL TARGET AREA



Gene Wusaty, President and CEO of Altitude, a qualified person as defined by National Instrument 43-101, supervised the preparation of the technical information in this release.

## About Altitude Resources

Altitude Resources is a Canadian coking coal company focused on developing its Palisades Coal Project located northwest of Hinton, Alberta, Canada and the recently joint ventured Elan project. The Palisades and Elan projects are located in close proximity to CN and CP rail lines, respectively, which have capacity to provide transport of coal to deep-water ports on the west coast of Canada to service the growing demand from world markets.

Information contact: Altitude Resources

Doug Porter, CFO & Director

[dporter@altituderesources.ca](mailto:dporter@altituderesources.ca)

1-403-453-3298

Website: [www.altituderesources.ca](http://www.altituderesources.ca)

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### Cautionary Statement Regarding Forward-Looking Information

This news release contains "forward looking information" within the meaning of applicable Canadian securities legislation. Forward looking information includes without limitation, statements regarding the size and quality of the Company's mineral resources, progress in the development of mineral properties, future capital and operating expenses, the future financial or operating performance of the Company, the prospective mineralization of the properties, planned exploration programs and the anticipated production schedule. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on assumptions that have been made by the Company as at the date of such information, including those assumption described in the Company's technical report entitled "Resource Estimate of the Palisades Coal Property" dated November 28, 2011 which is available at [www.sedar.com](http://www.sedar.com). Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the future price of coal, industry market trends and predictions, the estimation of mineral reserves and resources, operating and exploration expenditures, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations including changes in government policies, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, regulatory matters, and other risks described in the public filings of the Company. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.