

**Altius Minerals Corporation**  
**Interim Consolidated Financial Statements**  
**Unaudited**  
**July 31, 2005**

# Altius Minerals Corporation

## Consolidated Balance Sheets

	Unaudited July 31 2005	Audited April 30 2005
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,492,713	\$ 1,952,673
Accounts receivable	207,514	682,385
Accounts receivable – related companies (note 4)	96,254	257,702
Prepaid expenses	21,928	47,323
	<hr/> 5,818,409	<hr/> 2,940,083
Mineral properties and deferred exploration costs (Schedule)	879,844	1,468,874
Property and equipment	112,274	119,957
Investments (note 2)	19,961,110	19,303,265
	<hr/> \$ 26,771,637	<hr/> \$ 23,832,179
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 675,305	\$ 639,447
Future income taxes	456,000	456,000
	<hr/> 1,131,305	<hr/> 1,095,447
<b>Shareholders' Equity</b>		
Share capital (note 3)	24,526,445	21,448,796
Contributed surplus	439,177	447,070
Retained earnings	674,710	840,866
	<hr/> 25,640,332	<hr/> 22,736,732
	<hr/> \$ 26,771,637	<hr/> \$ 23,832,179

Approved by the Board,

“Brian Dalton”

\_\_\_\_\_, Director

“Donald Warr, FCA”

\_\_\_\_\_, Director

# ALTIUS MINERALS CORPORATION

## Consolidated Statements of Loss and Retained Earnings (Deficit)

(Unaudited)

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	Three Months Ended July 31	
	2005	2004
<b>Revenue</b>		
Option payments and management fees	\$ 70,971	\$ -
Interest income	<u>8,842</u>	<u>7,318</u>
	<u>79,813</u>	<u>7,318</u>
<b>Expenses</b>		
General and administrative	201,696	164,614
Mineral properties abandoned or impaired	15,628	4,639
Amortization	<u>9,135</u>	<u>5,469</u>
	<u>226,459</u>	<u>174,722</u>
Loss before the following	(146,646)	(167,404)
Gain on disposal of investments	-	13,262
Share of (loss) in equity investee	<u>(19,510)</u>	<u>-</u>
<b>Net loss</b>	(166,156)	(154,142)
Retained earnings (deficit), beginning of period	<u>840,866</u>	<u>(2,705,374)</u>
<b>Retained earnings (deficit), end of period</b>	<u>\$ 674,710</u>	<u>\$ (2,859,516)</u>
<b>Net loss per share (basic and diluted)</b>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

# ALTIUS MINERALS CORPORATION

## Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended July 31	
	2005	2004
<b>Operating activities</b>		
Net loss	\$ (166,156)	\$ (154,142)
Items not involving cash		
Mineral properties abandoned or impaired	15,628	4,639
Amortization	9,135	5,469
Gain on disposal of investments	-	(13,262)
Share of loss in equity investee	19,510	-
	<u>(121,883)</u>	<u>(157,296)</u>
Change in non-cash working capital balances related to operating activities	<u>57,960</u>	<u>73,700</u>
	<u>(63,923)</u>	<u>(83,596)</u>
<b>Financing activities</b>		
Proceeds from issuance of shares, net of issuance costs	3,069,756	204,518
Change in non-cash working capital balances related to financing activities	-	(6,468)
	<u>3,069,756</u>	<u>198,050</u>
<b>Investing activities</b>		
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(88,337)	(219,120)
Acquisition of investment in limited partnership	(3,710)	-
Acquisition of investment in equity investee	(11,906)	-
Acquisition of property and equipment	(1,452)	(3,954)
Proceeds from disposal of investments	-	16,929
Change in non-cash working capital balances related to investing activities	<u>639,612</u>	<u>134,762</u>
	<u>534,207</u>	<u>(71,383)</u>
Net increase in cash and cash equivalents	3,540,040	43,071
Cash and cash equivalents, beginning of period	<u>1,952,673</u>	<u>1,340,357</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 5,492,713</u>	<u>\$ 1,383,428</u>
<b>Cash and cash equivalents consists of:</b>		
Deposits with bank	\$ 468,122	\$ 427,225
Term deposits/bankers' acceptances	<u>5,024,591</u>	<u>956,203</u>
	<u>\$ 5,492,713</u>	<u>\$ 1,383,428</u>
Supplementary cash flow information (note 5)		

## Altius Minerals Corporation

### Consolidated Schedule of Mineral Properties and Deferred Exploration Costs

Three Months Ended July 31, 2005

(Unaudited)

	Balance, April 30, 2005	Net Additions	Abandoned of Impaired	Balance, July 31, 2005
South Tally	356,595	334	-	356,929
Lockport	70,384	-	-	70,384
Mustang Trend	66,349	1,362	(1,841)	65,870
Shamrock	42,771	-	-	42,771
Labrador	30,224	7,649	-	37,873
Taylor Brook	37,615	-	-	37,615
Labrador Trough	23,624	6,723	(900)	29,447
Point Leamington	27,987	-	-	27,987
Kamistaitussett	25,450	-	-	25,450
Baie d'Espoir	29,887	(7,471)	-	22,416
Merasheen	14,162	133	-	14,295
Moosehead	12,004	2,040	-	14,044
Wade Lake	11,702	2,098	-	13,800
Rocky Brook	14,148	(5,810)	-	8,338
Nain	-	5,947	-	5,947
Miguel's Trend	2,575	-	-	2,575
Lac Joseph	-	950	-	950
Alexis River	500	-	-	500
Howell's River	500	-	-	500
Robert's Arm	1	-	-	1
Central Mineral Belt				
- Labrador (note 2)	615,327	(615,327)	-	-
Bay du Nord	8,063	-	(8,063)	-
Victoria River	4,289	(4,289)	-	-
Wild Cove	1	-	(1)	-
General exploration	-	2,263	(2,263)	-
Security deposits	74,716	29,996	(2,560)	102,152
	\$ 1,468,874	\$ (573,402)	\$ (15,628)	\$ 879,844

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

July 31, 2005

(Unaudited)

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### 1. Basis of presentation

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the fiscal 2005 annual consolidated financial statements.

The disclosures in the unaudited consolidated financial statements do not conform in all material respects to the requirements of generally accepted accounting principles for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the April 30, 2005 annual consolidated financial statements.

These interim consolidated financial statements have not been reviewed by the Corporation's auditor.

### 2. Investments

	July 31 2005	April 30 2005
Investment in Labrador Nickel Royalty Limited Partnership – 1,000,000 units representing a 10% interest, at cost;	\$ 13,619,290	\$ 13,615,580
Investment in companies subject to significant Influence:		
Rambler Metals and Mining plc, 12,000,000 ordinary shares representing a 30% interest, at equity;	5,455,675	5,475,185
Aurora Energy Inc. – 4,800,000 Class A common shares representing a 48% interest, at equity (note 2 [a])	673,645	-
Investments, at cost (market value \$225,850; April 30, 2005 - \$177,450)(note 2[b])	212,500	212,500
	<u>\$ 19,961,110</u>	<u>\$ 19,303,265</u>

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

July 31, 2005

(Unaudited)

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### 2. Investments

- (a) The Corporation has recorded an investment in Aurora Energy Inc. "Aurora" at a cost of \$673,645 at July 31, 2005, in accordance with a binding letter agreement signed by the Corporation on May 31, 2005. The Corporation is in the process of transferring to Aurora its 50% beneficial interest in the Central Mineral Belt Property "the property" in Labrador, except that the Corporation will retain an interest in the property in the form of a 2% final sales royalty on uranium products produced and a 2% net smelter royalty on base and precious metals produced. As consideration the Corporation will receive 4,800,000 Class A common shares, representing a 48% interest, with each Class A common share entitled to one vote per share. Subsequent to July 31, 2005 the Corporation's interest was reduced to 43% with the issuance of additional shares by Aurora.
- (b) The Corporation received shares in public companies as partial consideration for the grant of options to third parties with respect to their purchase of mineral claims

### 3. Share capital

- (a) Authorized
- Unlimited number of common voting shares
  - Unlimited number of First Preferred shares
  - Unlimited number of Second Preferred shares

The First and Second Preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

- (b) Issued – Common shares

	<b>Number</b>	<b>Stated Value</b>
Balance, April 30, 2005	26,896,097	\$ 21,448,796
Exercise of warrants [note 3 (c)]	<u>1,534,878</u>	<u>3,077,649</u>
	<u>28,430,975</u>	<u>\$ 24,526,445</u>

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

July 31, 2005

(Unaudited)

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### 3. Share capital

- (c) Warrants issued pursuant to a private placement in July, 2003 were exercised in the three months ended July 31, 2005, resulting in the issuance of 1,523,097 common shares at \$2.00 per share for aggregate proceeds of \$3,046,194. Agents' warrants were exercised, resulting in the issuance of 11,781 common shares at \$2.00 per share for aggregate proceeds of \$23,562. An additional \$7,893 was reclassified from contributed surplus to share capital upon the exercise of agents' warrants.
- (d) The Corporation has a stock option plan under which directors, officers, employees and consultants of the Corporation and of its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Corporation at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Corporation. Options granted under the plan generally have a term of five years but may not exceed five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Corporation's common shares are then listed.

A summary of the status of the Corporation's stock option plan as of July 31, 2005 and changes during the period then ended is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, April 30, 2005	1,209,750	\$ 2.31
Expired	<u>(10,000)</u>	3.50
Outstanding, July 31, 2005	<u>1,199,750</u>	\$ 2.30
Excercisable, July 31, 2005	<u>857,750</u>	<u>\$ 1.81</u>



# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

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(Unaudited)

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### 3. Share capital

The following table summarizes information about stock options outstanding and exercisable at July 31, 2005:

Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life of Outstanding Options	Number of Exercisable Options	Weighted Average Remaining Contractual Life of Exercisable Options
\$0.55	193,750	1.02	193,750	1.02
\$1.35	375,000	2.13	375,000	2.13
\$1.75	50,000	2.50	50,000	2.50
\$3.00	216,000	3.55	84,000	3.55
\$3.50	10,000	3.65	4,000	3.65
\$3.75	130,000	4.75	26,000	4.75
\$3.90	100,000	.25	100,000	.25
\$4.00	<u>125,000</u>	4.38	<u>25,000</u>	4.38
	<u>1,199,750</u>	2.60	<u>857,750</u>	1.97

### 4. Accounts receivable – related companies

An amount of \$7,940 is receivable from a wholly owned subsidiary of the significantly influenced investee, Rambler Metals and Mining plc, at July 31, 2005. An amount of \$88,314 is receivable from significantly influenced investee, Aurora Energy Inc. The amounts arose in the normal course of operations, are payable on receipt of invoice, and represent recoverable mineral exploration costs incurred on behalf of the companies.

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## Notes to Consolidated Financial Statements

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(Unaudited)

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### 5. Supplementary cash flow information

	Three Months Ended July 31	
	2005	2004
Non-cash investing and financing activities		
The acquisition of investment as consideration for the transfer of interest in Central Mineral Belt Mineral property;	<u>\$ 661,739</u>	<u>\$ -</u>
(Decrease) in investment due to:		
Share of loss in equity investee	<u>\$ (19,510)</u>	<u>\$ -</u>

### 6. Subsequent event

On September 21, 2005 the Corporation subscribed by way of private placement for 1,250,000 ordinary shares in the capital of Alba Mineral Resources Plc (Alba) at a subscription price of 8 pence sterling per share, for a total of 100,000 pounds sterling (\$214,000 CDN). The Corporation has also been granted a warrant to purchase 937,500 shares of Alba at 9 pence sterling per share until April 4, 2015. Alba is a United Kingdom based mineral exploration company whose share capital is traded on the Alternative Investment Market of the London Stock Exchange.

As part of the share subscription agreement, the Corporation is entitled to a royalty with respect to any new nickel projects identified or acquired to September 21, 2007 or the date the subscription funds are exhausted, within certain areas of Norway Sweden and Finland ("new projects"). The royalty is a 1.5% net smelter royalty for all minerals sold from the "new projects".