ALTIUS MINERALS CORPORATION

# Management's Discussion and Analysis
# of Financial Conditions and Results of Operations
# Three Months Ended July 31, 2008

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's unaudited consolidated financial statements for the period ended July 31, 2008 and related notes. This MD&A has been prepared as of September 12, 2008.*

*Management's discussion and analysis of financial condition and results of operations contains forward–looking statements. By their nature, these statements involve risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*Additional information regarding the Corporation, including copies of the Corporation's continuous disclosure materials is available on the Corporation's website at www.altiusminerals.com or through the SEDAR website at www.sedar.com .*

## Description of Business

Altius Minerals Corporation's (the "Corporation") principal business activities include the generation and acquisition of projects related to natural resources opportunities in eastern Canada. In general, the Corporation prefers to create partnerships or corporate structures related to the opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

The Corporation's current holdings include various exploration stage royalty interests and an effective 0.3% production stage royalty interest in the Voisey's Bay nickel-copper-cobalt project in Labrador. The Corporation also holds various investments in mining and mineral related companies, through direct investment and through the vending of earn-in agreements on its mineral exploration properties. The Corporation holds a 20.2% interest in Rambler metals and mining plc ("Rambler"), which is carrying out advanced exploration of the historic Ming copper - gold mine, located near Baie Verte, Newfoundland and Labrador. In addition, the Corporation currently holds a 39.6% interest in Newfoundland Labrador Refining Corporation "(NLRC"), which is currently under bankruptcy protection. NLRC is a private company proposing to construct a new 300,000 barrel per day oil refinery in south eastern Newfoundland and Labrador,

## Results of Operations

***The three month period ending July 31, 2008 compared with the three month period ending July 31, 2007***

The net earnings for the three months ended July 31, 2008 were $380,000 compared to net earnings for the three months ended July 31, 2007 of $15,698,000. Last year, the Corporation recorded gains on disposals from the sale of investments of $16,242,000 and a $2,369,000 gain on dilution of equity investment compared to $nil for the current period. Royalty income of

$797,000 was lower for the period ended July 31, 2008 compared to $1,394,000 for the period ended July 31, 2007.

The Corporation recognized total revenue of $2,135,000 for the three month period ended July 31, 2008 compared to $2,647,000 for the same period last year. Royalty revenue from the Labrador Nickel Royalty Limited Partnership was $797,000 during the three month period ended July 31, 2008 compared to $1,394,000 for the same period last year. This decrease was due to lower average nickel prices of $12.90 per pound in the current period compared to $21.10 for the same period last year, offset slightly by an increase in production levels. Interest income of $1,302,000 was recognized on reinvested proceeds from the sale of mining and mineral related investments compared to $1,241,000 for the three months ended July 31, 2007.

General and administrative expenses for the three month period ended July 31, 2008 were $517,000 compared to $592,000 for the same period last year. This decrease is a combination of lower public company related fees, lower travel and conference expenses, lower foreign exchange losses and higher salary related expenses due to new hires and salary increases for existing employees. In addition, the Corporation incurred lower administrative expenses related to the management of its investments and mineral properties during the period.

Royalty tax for the three month period ended July 31, 2008 was $159,000 compared to $194,000 for the same three month period last year, reflecting the lower royalty revenue noted above.

Stock-based compensation for the three month period ended July 31, 2008 was $159,000 compared to $141,000 for the same period last year. In addition to stock-based compensation cost recognized on the income statement, the Corporation deferred $78,000 as part of its mineral exploration and development costs during the current three month period (2007 – $25,000 ). The Corporation did not award any stock options to employees and directors in the first three months of the current fiscal period.

Amortization for the three month period ended July 31, 2008 was $159,000 which was higher than the $104,000 for the same period last year. The Corporation's royalty interest in the Voisey's Bay mineral property is being amortized on a units of production basis over the expected life of the mine. The increase in amortization over the prior period reflects the higher production level at the mine in the current period.

The Corporation did not recognize any gains on disposals of investments for the three month period ended July 31, 2008 compared to $16,242,000 for the same period last year. These gains from last year were primarily from the sale of the Corporation's Aurora shares and other mining and mineral related investments. As of July 31, 2008, the Corporation's interest in Aurora was 2,500,000 shares which are secured as part of an equity forward agreement entered into in March 2007. The equity forward agreement locks in the economic interest of the shares at the contractual rate of $17.72 per share.

The share of loss in equity investments was $73,000 for the three months ended July 31, 2008 compared to $165,000 for the same period last year. The decrease over the prior year was caused by less activity at NLRC in comparison to the prior year.

The Corporation recognized interest on long-term debt of $402,000 for the three month period ended July 31, 2008 compared to $385,000 in the same period last year. The interest on long-term debt is from a zero – coupon loan bearing interest at 4.25% per year and maturing in 4 years.

The Corporation also recognized a decline in value of share purchase warrants of $14,000 for the three month period ended July 31, 2008 compared to $243,000 in the previous year. This fair value treatment was adopted beginning in the previous fiscal year, as described in note 3 to the annual consolidated financial statements.

The Corporation incurred current and future income tax expense of $217,000 for the three months ended July 31, 2008 compared to $3,616,000 for the same period last year. The effective tax rates for the quarters ended July 31, 2008 and 2007 were 36.4% and 18.8% respectively. The higher tax rate in the current year is caused by the lack of capital gains income, which was taxed at half the normal corporate tax rate in the prior year. Also, the current year effective tax rate is higher than the statutory rate because of non-deductible expenses in the current period.

## Cash Flows, Liquidity and Capital Resources

**Operating Activities**
The Corporation generated cash from operating activities of $1,573,000 for the three months ended July 31, 2008 compared to an outflow of cash of $18,134,000 for the same period last year. The increase for the current period is attributable to the decrease in non - cash operating working capital of $703,000 in the current year, compared to a $15,458,000 use of cash for the prior year. The change from the prior year is primarily the result of the payment of corporate tax installments for the prior fiscal year. The Corporation paid cash taxes of $nil during the current period compared to $19,622,000 for the same period in the prior year.

**Financing Activities**
The Corporation used cash from financing activities of $466,000 for the three months ended July 31, 2008 compared to an inflow of cash of $195,000 for the same period last year. For the three month period ended July 31, 2008, the Corporation repurchased 67,600 common shares under its normal course issuer bid at a total cost of $466,000.

**Investing Activities**
The Corporation used cash from investing activities of $1,896,000 for investment in mineral properties and acquisition of property and equipment for the three months ended July 31, 2008 compared to a net inflow of $26,203,000 for the same period last year. The Corporation recognized proceeds from disposal of investments of $27,881,000 during the prior year which was primarily related to the sale of Aurora shares compared to $nil during the current year.

**Liquidity**
At July 31, 2008 the Corporation had current assets of $175,421,000 and current liabilities of $1,470,000 for net working capital of $173,951,000, which is sufficient to meet its current requirements for operating and investing activities. The Corporation holds its cash in short-term interest bearing guaranteed instruments with major Canadian financial institutions.

The Corporation's major sources of funding are royalty income from the Corporation's 0.3% net smelter return royalty in the Voisey's Bay nickel–copper–cobalt mine and from interest income. In addition, the Corporation partially funds exploration expenditures by collaborating with exploration partners under earn-in agreement or joint venture arrangements whereby exploration expenditures are cost-shared in exchange for a partial ownership interest in the mineral rights to the properties.

**Commitments and Contractual Obligations**

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance in order to maintain the properties in good standing and for refund of security deposits. As at July 31, 2008, the Corporation must spend $4,222,000 on mineral property exploration over the next 12 months in order to maintain its properties in good standing or for refund of security deposits. Of this amount, exploration partners have agreed to spend approximately $1,500,000 on the properties over the next 12 months. As an alternative to making the expenditures, the Corporation may choose to reduce the number of claims on a property, thereby reducing the annual expenditures required to maintain the property in good standing.

$2,440,000 of the exploration expenditure commitments is secured by a promissory note from the Corporation payable to the Government of New Brunswick to cover required expenditures on the Albert Oil shale project. Remaining required expenditures on this project are approximately $1,100,000.

**Related Party Transactions**

Chairman of the Board and Director John Baker is a Partner of the legal firm White Ottenheimer and Baker. This firm provided legal services in the amount of $15,981 for the three months ended July 31, 2008 (2007 – $15,000).

VMS Consultants Inc., controlled by director Geoff Thurlow, invoiced a total of $5,813 (2007 – $nil) for geological consulting services and reimbursement of expenses associated with exploration of certain of the Corporation's properties for the three months ended July 31, 2008.

The Corporation recognized management fee revenue from equity investments in the amount of $6,000 for the three months ended July 31, 2008 (2007 – $8,000). The management fees are charged by the Corporation for office and administrative services provided to NLRC.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. It is management's estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

## Summary of Quarterly Financial Information

The table below outlines selected financial information related to the Corporation’s revenue, net earnings (loss) and net earnings (loss) per share for the most recent eight quarters. The financial information is extracted from the Corporation’s interim unaudited financial statements.

Amounts in thousands of dollars, except per share amounts

| **$** | **July 31, 2008** | **April 30, 2008** | **January 31, 2008** | **October 31, 2007** |
|---|---|---|---|---|
| Revenue | 2,135 | 2,703 | 3,763 | 3,049 |
| Net earnings (loss) | 380 | (42,007) | 604 | 37,799 |
| Net earnings (loss) per share | | - | | |
| - basic | 0.01 | (1.36) | 0.02 | 1.31 |
| - diluted | 0.01 | (1.34) | 0.02 | 1.28 |

| **$** | **July 31, 2007** | **April 30, 2007** | **January 31, 2007** | **October 31, 2006** |
|---|---|---|---|---|
| Revenue | 2,647 | 2,765 | 2,235 | 1,420 |
| Net earnings (loss) | 15,698 | 871 | 27,325 | 24,439 |
| Net earnings (loss) per share | | | | |
| - basic | 0.54 | 0.03 | 0.95 | 0.85 |
| - diluted | 0.53 | 0.03 | 0.93 | 0.83 |

The Corporation does not experience seasonality in operations since revenue is derived primarily from investment income and from the Voiseys’ Bay Royalty, which is contingent upon commodity prices, mine production levels, and the timing of concentrate shipments.

The total number of common shares outstanding as of September 12, 2008 is 30,960,725.

## Equity Investments Overview

The Corporation has two development-stage equity investments, NLRC and Rambler.

### NLRC

The Corporation currently holds a 39.6% equity interest in NLRC,which is currently under creditor protection under the Bankruptcy and Insolvency Act (“BIA”). NLRC is a private company proposing to construct a new 300,000 barrel per day crude oil refinery at Southern Head, Placentia Bay in south eastern Newfoundland and Labrador, Canada.

On June 18, 2008, SNC Lavalin, a contractor providing environmental and engineering services to NLRC, served NLRC with a notice of proceedings in the Supreme Court of Newfoundland and Labrador to have NLRC adjudged bankrupt. In response to this filing, NLRC sought and was granted creditor protection under the BIA on June 24, 2008. This protection enables NLRC, under the supervision of a trustee, to formulate a proposal for restructuring and to continue its efforts to attract financing and or partners for the refinery project. The initial period of creditor protection granted was 30 days, and was later extended for two additional periods of 45 days each until October 17, 2008. Further extensions may be granted with Court approval if NLRC can demonstrate that it is acting in good faith, that NLRC may make a viable proposal to creditors if the extension is granted, and that none of the current creditors are adversely affected by the extension.

The estimated recoveries in respect of the investment and the loan cannot be determined with accuracy at this stage in the restructuring process.

For additional information on NLRC, visit their web site at http://www.nlrefining.com.

**Rambler**

The Corporation holds 12 million shares or a 20.2% interest in Rambler, which is listed on the Alternative Investment Market of the London Stock Exchange (“AIM”), and on the TSX-V. Rambler is carrying out advanced exploration of the historic Ming copper - gold mine, located near Baie Verte, Newfoundland and Labrador.

A comprehensive program of dewatering and rehabilitation of the historic underground infrastructure commenced in mid-June 2007 to facilitate more efficient exploration and delineation of the potential ore zones from underground. The mine dewatering program has progressed well and was completed in late June 2008. Advanced delineation drilling continues while a second underground drill has been mobilized to target potential extensions of the high grade massive sulphides and gold mineralization encountered in May 2008.

In June 2008, Rambler announced that they will begin a pre-feasibility study. A recent scoping study by SRK Consulting in conjunction with SNC Lavalin and Thibault Associates confirmed that the resources that have been delineated at the Ming project over the last three years are of sufficient size and grade to further evaluate. The pre-feasibility study will be based around a conceptual mine-plan initially mining the massive sulphide ore at a lower production rate, ramping up to full production of up to 4,000 tonnes per day after several years. Rambler has already initiated the base line environmental study that will be required to re-permit the Ming Mine, a “brownfield site”. Environmental permitting of the mine is expected during 2009, with the objective of re-commissioning the mine in 2010.

For additional information on Rambler, visit their web site at http://www.ramblermines.com/

## Mineral Exploration Projects Overview

During the quarter, the Corporation increased its staked properties from 505,002 hectares in April 30, 2008 to 604,979 hectares at July 31, 2008. The Corporation increased its exploration claims in the Labrador portion of the province, with a primary focus on potential discoveries of uranium, silica, base metals, and iron ore through staking and signing option agreements with local prospectors. Additional exploration claims were acquired on the island portion of Newfoundland focusing on areas for uranium and potash potential through staking and signing agreements with a junior exploration company. The Corporation is also seeking partnerships for its properties to cost-share exploration expenditures in exchange for a partial equity interest in the mineral properties. The Corporation reduced its claims on some properties or dropped properties altogether to concentrate its exploration effort based on information obtained during the previous exploration season.

Since April 30, 2008, programs of airborne orthophotography and geophysics have been completed over the Topsails uranium property; a water sampling study was completed at Rocky Brook uranium property; programs of mapping, prospecting, stream sediment sampling was undertaken at Nuiklavik and mapping, outcrop stripping and rock sampling was completed at Notakwanon; soil sampling surveys were completed at Boxey and preliminary prospecting was completed over several other properties in Newfoundland and Labrador. In addition, a 5,000 metre diamond drilling program is progressing on the Kamistaitusset iron ore property in western Labrador and New Brunswick oil shale properties. Final airborne geophysical data has been received for the Natashquan, Mount Sawyer and Lac Joseph properties as have ground gravity surveys for Kamistaitusset. All geophysical data is currently being reviewed and will be used to aid in continued exploration on these properties. In addition, partners on various mineral properties are exploring on several mineral properties during the 2008 field season.

Radiometric and magnetic airborne or EM reports have recently been received for several properties and all data is currently being reviewed to assist in planning for anomaly follow-up either later in 2008 or at the start of the field season in 2009. Topsails geophysical reports are pending and will help focus field crews who are currently conducting reconnaissance prospecting and mapping over this very large land package. To date, interesting zones of alteration with minor base metal mineralization have been discovered at Topsails. Final geophysical data will assist in delineating suspected zones of possible uranium mineralization at Topsails.

The results from the Rocky Brook water survey are being examined by a consultant who is a leading expert in this field with hopes that the data will lead the Corporation and its exploration partner to zones of mineralization obscured by overburden and vegetation. Analytical results are still pending for the work completed at the Notakwanon and Nuiklavik Properties. All data for the Boxey soil sampling has now been received and is being examined by the Corporation's geologists to assist in placement of drill holes later in 2008 or 2009. At the Kamistaitusset property, ground gravity and airborne magnetics data is currently being examined by a geophysical consulting firm with expertise in three dimensional inversion techniques. The firm will create and refine a geological block model which will help guide drilling within iron-bearing formations..

The Corporation is actively evaluating base metal, uranium, gold, iron ore, potash, silica and nickel potential throughout numerous areas of Newfoundland and Labrador. The work being completed will aid the Corporation in its decision to acquire additional mineral lands.

On May 6, 2008 the Corporation entered into an earn - in agreement with Sprott Resource Corporation ("SRC") whereby SRC may earn an interest in a large land package that has been assembled by the Corporation to cover several known potash occurrences within the basin. SRC may earn a 50.1% interest in the St. George's Project by spending $1,500,000 over 3 years subject to an underlying 2% gross sales royalty retained by the Corporation. The St. George's project consists of 1,400 claims (35,000 hectares) to cover four primary target areas for potash deposits. An exploration program to evaluate the area and to identify drill targets commenced in June 2008.

On June 11, 2008 the Corporation entered into a joint venture agreement with Cornerstone Capital Resources Inc. ("Cornerstone") whereby the Corporation and Cornerstone would jointly explore for copper, gold and uranium in a 1,032 square kilometer area in western Labrador and Quebec. The alliance partners have jointly contributed their respective land holdings in the region and will cost-share in any exploration work.

On June 23, 2008 the Corporation entered into an agreement with Norvista Resources Corp. concerning its Kamistiattusset iron ore project in western Labrador, Canada. Norvista and the Corporation agreed to work cooperatively towards the creation of a new public Company focused on the western Labrador iron ore mining district. The agreement expires one year from signing date and both companies are assigned specific tasks required for an IPO under the agreement. Failing the IPO process, the land holdings will revert to the Corporation.

*For additional details on the properties please refer to the Corporation's web site,* www.altiusminerals.com.

**Mineral Claims Activity**
( in hectares)

| Location | Primary metal | April 30, 2008 Balance | Additions | Deletions | July 31, 2008 Balance |
|---|---|---|---|---|---|
| Labrador | | | | | |
| | Iron Ore | 21,725 | 28,852 | - | **50,577** |
| | Nickel | 30,725 | - | - | **30,725** |
| | Uranium | 68,850 | 12,975 | - | **81,825** |
| | Base metals | 40,275 | 28,825 | - | **69,100** |
| | Silica | 725 | - | - | **725** |
| | | 162,300 | 70,652 | - | **232,952** |
| Island of Newfoundland | | | | | |
| | Uranium * | 280,675 | 22,925 | (1,425) | **302,175** |
| | Gold | 6,800 | - | - | **6,800** |
| | Base metals | 6,225 | - | - | **6,225** |
| | Potash | 36,325 | 9,025 | - | **45,350** |
| | Other | 1,775 | - | - | **1,775** |
| | | 331,800 | 31,950 | (1,425) | **362,325** |
| Other | | | | | |
| | Oil Shale | 9,702 | - | - | **9,702** |
| | | 9,702 | - | - | **9,702** |
| Grand total | | 503,802 | 102,602 | (1,425) | **604,979** |

* 290,350 hectares are subject to a 50% joint venture agreement

## Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) and in accordance with accounting policies set out in the notes to the consolidated financial statements for the three months ended July 31, 2008.

There has been no change in the Corporation's internal control over financial reporting during the Corporation's quarter ended July 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

## Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of July 31, 2008 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

## Adoption of New Accounting Standards

*Financial Instruments – Disclosures and Financial Instruments – Presentation*

Handbook sections entitled “Financial Instruments – Disclosures”, (section 3862) and “Financial Instruments – Presentation” (section 3863), which replace “Financial Instruments – Disclosure and Presentation” (section 3861). The new disclosures standard increases the emphasis on the risk associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements and is effective for the Corporation’s interim and annual reporting periods beginning May 1, 2008. The new disclosure is included in note 12 to the unaudited consolidated financial statements.

*Capital Disclosures*

CICA Handbook section 1535; entitled “Capital Disclosures” was adopted by the Corporation effective May 1, 2008. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Corporation’s objectives, policies and processes for managing capital. This new disclosure is included in note 13 to the unaudited consolidated financial statements.

### Future Accounting Pronouncements

***Adoption of International Financial Reporting Standards in Canada***

In February, 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Firnancial Reporting Standards “IFRS”. The Corporation will report its financial results in accordance with IFRS for the fiscal period ending April 30, 2012 with comparative figures restated. The planned conversion plan and the impact of the transition of IFRS on the Corporation’s consolidated financial statements is still under evaluation.

## Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the rates for amortization of the royalty interest, future income taxes, assessments of the recoverability of deferred exploration expenditures, the carrying value of the equity investments, the recoverability of accounts receivable and loans, the determination of the provision for future removal and site restoration costs, and the assumptions used in the determination of the fair value of stock-based compensation.

## Subsequent Events

During August and September 2008 the Corporation repurchased an additional 1,135,030 shares in the Corporation under its normal course issuer bid at an average price of $6.49 for a total cost of $7,366,000.

The following schedule outlines the major categories of mineral properties, deferred exploration costs, and security deposits at July 31, 2008.
**Amounts in thousands of dollars**

| Location | Primary Metal | Acquisitions | Wages | Geology / Geophysics | Drilling | Travel/Other | Recovered Property Costs | Write-Down | Security Deposits | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Labrador | | | | | | | | | | |
| | Base metals | 51 | 27 | 84 | - | 67 | - | - | - | 229 |
| | Iron Ore | 23 | 152 | 306 | 327 | 143 | - | - | - | 951 |
| | Nickel | 12 | 23 | 363 | - | 79 | - | - | - | 477 |
| | Silica | 3 | - | - | - | - | - | - | - | 3 |
| | Uranium | 40 | 195 | 554 | - | 563 | (1,003) | - | - | 349 |
| | | 129 | 397 | 1,307 | 327 | 852 | (1,003) | - | - | 2,009 |
| Island of Newfoundland | | | | | | | | | | |
| | Base metals | 11 | 204 | 100 | 106 | 85 | (81) | - | - | 425 |
| | Gold | 68 | 91 | 54 | - | 84 | (146) | (7) | - | 144 |
| | Nickel | 26 | 21 | 38 | - | 12 | (7) | (1) | - | 89 |
| | Potash | 22 | 17 | 6 | - | 1 | - | - | - | 46 |
| | Uranium | 386 | 591 | 748 | 731 | 354 | (2,095) | - | - | 715 |
| | | 513 | 924 | 946 | 837 | 536 | (2,329) | (8) | - | 1,419 |
| Other | | | | | | | | | | |
| New Brunswick | Oil shale | 8 | 100 | 111 | 683 | 80 | - | - | - | 982 |
| Nova Scotia | Potash | 10 | 1 | | | 3 | | | | 14 |
| | | 18 | 101 | 111 | 683 | 83 | - | - | - | 996 |
| Security Deposits | | - | - | - | - | - | - | - | 805 | 805 |
| General Exploration | | - | 8 | - | - | 24 | - | (32) | - | - |
| Grand Total | | 660 | 1,430 | 2,364 | 1,847 | 1,495 | (3,332) | (40) | 805 | 5,229 |