

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheet

	October 31 2002	April 30 2002
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 63,844
Marketable securities, at cost (Market value - \$ 2,042,855; April 30, 2002 - \$1,030,160)	2,031,746	1,030,160
Accounts receivable	421,666	115,699
Government grants receivable	152,004	-
Prepaid expenses	<u>12,760</u>	<u>4,184</u>
	2,618,176	1,213,887
Mineral properties and deferred exploration costs	733,985	683,515
Investments (note 2)	42,500	
Equipment	<u>39,279</u>	<u>31,968</u>
	<u>\$ 3,433,940</u>	<u>\$ 1,929,370</u>
Liabilities		
Current liabilities		
Bank overdraft	\$ 428,915	\$ -
Accounts payable and accrued liabilities	<u>192,818</u>	<u>35,315</u>
	<u>621,733</u>	<u>35,315</u>
Shareholders' Equity		
Share capital (note 4)	4,243,959	3,227,468
Contributed surplus (note 4 (d))	55,500	-
Deficit	<u>(1,487,252)</u>	<u>(1,333,413)</u>
	<u>2,812,207</u>	<u>1,894,055</u>
	<u>\$ 3,433,940</u>	<u>\$ 1,929,370</u>

NOTICE TO READER

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St. John's, Newfoundland
December 12, 2002

Sharon M. Dunn
Chartered Accountant

ALTIUS MINERALS CORPORATION

Consolidated Statements of Loss and Deficit

	Three Months Ended October 31		Six Months Ended October 31	
	2002	2001	2002	2001
Interest income	<u>\$ 19,413</u>	<u>\$ 8,218</u>	<u>\$ 37,119</u>	<u>\$ 15,635</u>
Expenses				
General and administrative (Note 4(d))	152,943	46,247	185,349	86,553
Mineral properties abandoned or impaired	160	840	160	1,936
Amortization	<u>2,879</u>	<u>2,453</u>	<u>5,449</u>	<u>4,222</u>
	<u>155,982</u>	<u>49,540</u>	<u>190,958</u>	<u>92,711</u>
Net loss	(136,569)	(41,322)	(153,839)	(77,076)
Deficit, beginning of period	<u>(1,350,683)</u>	<u>(1,025,490)</u>	<u>(1,333,413)</u>	<u>(989,736)</u>
Deficit, end of period	<u><u>\$ (1,487,252)</u></u>	<u><u>\$ (1,066,812)</u></u>	<u><u>\$ (1,487,252)</u></u>	<u><u>\$ (1,066,812)</u></u>
Net loss per share (basic and diluted)	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.00)</u></u>	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.01)</u></u>

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ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flow

	Three Months Ended		Six Months Ended	
	October 31		October 31	
	2002	2001	2002	2001
Operating activities				
Net loss	\$(136,569)	\$ (41,322)	\$(153,839)	\$ (77,076)
Items not affecting cash				
Cost of mineral properties abandoned or impaired	160	840	160	1,936
Amortization	2,879	2,453	5,449	4,222
Compensation expense – estimated fair value of stock options issued to a consultant	<u>55,500</u>	<u>-</u>	<u>55,500</u>	<u>-</u>
	(78,030)	(38,029)	(92,730)	(70,918)
Change in non-cash working capital balances related to operating activities	<u>23,589</u>	<u>(1,887)</u>	<u>(1,761)</u>	<u>(3,778)</u>
	<u>(54,441)</u>	<u>(39,916)</u>	<u>(94,491)</u>	<u>(74,696)</u>
Financing activities				
Proceeds from issuance of shares, net of issuance cost	24,240	-	995,241	7,000
Change in non-cash working capital balances related to financing activities	<u>2,766</u>	<u>-</u>	<u>41,800</u>	<u>-</u>
	<u>27,006</u>	<u>-</u>	<u>1,037,041</u>	<u>7,000</u>
Investing activities				
Acquisition of marketable securities	(7,414)	-	(1,001,586)	(300,000)
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(19,338)	(92,230)	(71,880)	(189,175)
Acquisition of equipment	(5,718)	(3,972)	(12,760)	(9,537)
Change in non-cash working capital balances related to investing activities	<u>(192,744)</u>	<u>(54,000)</u>	<u>(349,083)</u>	<u>(75,795)</u>
	<u>(225,214)</u>	<u>(150,202)</u>	<u>(1,435,309)</u>	<u>(574,507)</u>
Net (decrease) in cash and cash equivalents	(252,649)	(190,118)	(492,759)	(642,203)
Cash and cash equivalents, beginning of period	<u>(176,266)</u>	<u>106,364</u>	<u>63,844</u>	<u>558,449</u>
Cash and cash equivalents, end of period	<u>\$(428,915)</u>	<u>\$ (83,754)</u>	<u>\$(428,915)</u>	<u>\$ (83,754)</u>
Cash and cash equivalents consists of:				
(Bank overdraft)	<u><u>\$(428,915)</u></u>	<u><u>\$ (83,754)</u></u>	<u><u>\$(428,915)</u></u>	<u><u>\$ (83,754)</u></u>

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Consolidated Schedule of Mineral Properties and Deferred Exploration Costs Six Months Ended October 31, 2002

	Balance April 30 2002	Net Additions	Abandoned or impaired	Balance October 31 2002
Rambler	\$ 87,194	\$ 13,315	\$	\$ 100,509
South Tally	72,916	163		73,079
Lockport	65,625		(160)	65,465
Cross Hills	31,771	13,376		45,147
Shamrock	39,276			39,276
Butler's Pond	33,921			33,921
Twilite	1,725	29,763		31,488
Bay d'Espoir	10,657	18,729		29,386
Mustang Trend	27,163			27,163
Point Leamington	26,477			26,477
Rocky Brook	35,983	(11,119)		24,864
Moosehead	58,252	(35,792)		22,460
Taylor Brook	14,002	5,914		19,916
Exploit's River		5,914		5,914
Flint Cove	4,639			4,639
Victoria River	2,458			2,458
Jocko Pond	1,160	163		1,323
Red Bay		1,154		1,154
Merasheen		610		610
Bay D'Norde		480		480
Oil Islands		400		400
Linear	596	(595)		1
Robert's Arm	125	(124)		1
Wild Cove	1			1
Miguel's Trend	35,036	(35,036)		
Security deposits	134,538	43,315		177,853
	\$ 683,515	\$ 50,630	\$ (160)	\$ 733,985

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ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2002

1. Basis of presentation

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the fiscal 2002 annual consolidated financial statements, except for the stock based compensation policy disclosed in Note 3, and the policy on long-term investments disclosed herein.

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 fiscal 2002 annual consolidated financial statements.

Long-term portfolio investments

Long-term portfolio investments are recorded at cost. Declines in market values are not reflected in the accounts unless such a decline is considered to be other than temporary. Gains or losses on disposals of investments will be reflected in the statement of income and deficit in the period of disposal.

2. Investments

	October 31 2002	April 30 2002
Portfolio investments, at cost (market value - \$22,500)	\$ <u>42,500</u>	\$ <u>-</u>

Portfolio investments were received as partial consideration for the grant of options to third parties for the purchase of mineral claims. The decline in market value is considered to be temporary and therefore, a write-down to market value has not occurred.

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Notes to Consolidated Financial Statements

October 31, 2002

3. Stock-based compensation

Effective May 1, 2002, the Corporation adopted the recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for stock-based compensation arrangements. The Corporation has elected to continue to use the intrinsic value-based method of accounting for its stock options issued to employees, officers, and directors, whereby no compensation expense is recorded for stock options that have an exercise price equal to or greater than the fair value of the stock at the date options are granted. The Corporation will disclose the pro-forma results of using the fair value method, under which compensation expense is recorded based on the estimated fair value of the options. The pro-forma results will reflect only the effect of options granted subsequent to May 1, 2002.

4. 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.

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ALTIUS MINERALS CORPORATION
Notes to Consolidated Financial Statements
October 31, 2002

4. Share capital

(b) Issued – Common shares

	Number	Stated Value
Balance, April 30, 2002	15,064,284	\$ 3,227,468
Exercise of stock options	125,250	32,550
Exercise of warrants	10,000	12,500
Pursuant to a private placement (note 4 [c])	1,000,000	1,126,000
Pursuant to acquisition of mineral properties	<u>15,000</u>	<u>21,250</u>
	<u>16,214,534</u>	4,419,768
Less: Share issuance costs		<u>175,809</u>
		<u>\$ 4,243,959</u>

(c) Pursuant to a private placement, the Corporation issued 1,000,000 units at \$1.05 per unit for aggregate proceeds of \$1,050,000. Each unit consists of one common share and one half of a common share purchase warrant. One whole warrant entitles the holder to purchase one common share at \$1.25 per share until May 16, 2003 and \$1.50 per share thereafter until May 16, 2004. As of October 31, 2002, no warrants have been exercised.

The Corporation paid a cash commission of \$73,500 to an agent for placing the units. The Corporation also issued 100,000 warrants to the agent, entitling the agent to purchase one common share for each warrant, at \$1.25 per share until May 16, 2003. The fair value of the warrants issued to the agent at the date of the closing of the private placement was estimated to be \$76,000, using the Black-Scholes model with the following assumptions:

Expected life (years)	1
Risk-free interest rate (%)	3.4
Expected volatility (%)	94
Expected dividends (\$/share)	-

This amount has been included in share issuance costs. As of October 31, 2002, 10,000 warrants have been exercised.

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October 31, 2002

4. Share capital

(d) In September, 2002, the Company issued stock options to employees and directors to purchase 370,000 common shares and stock options to a consultant to purchase 50,000 common shares, at a price of \$1.35 per share. The options vest immediately and have a five year term, expiring on September 19, 2007. The estimated fair value of the 50,000 stock options issued to a consultant has been reflected as compensation expense in general and administrative expense, at an estimated fair value of \$55,500, with a corresponding amount reflected as contributed surplus. On a pro-forma basis, had the compensation expense for the stock options issued to employees and directors also been determined and recorded based on the fair market value method, the Company's net loss and net loss per share would have been as follows:

	Three Months Ended October 31, 2002	Six Months Ended October 31, 2002
Compensation costs	\$ 410,700	\$ 410,700
Net loss		
As reported	(136,569)	(153,839)
Pro-forma	(547,269)	(564,539)
Net loss per share (basic and diluted)		
As reported	(0.01)	(0.01)
Pro-forma	(0.03)	(0.03)

The fair market value of the stock options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Fair value options granted (\$/share)	1.39
Expected life (years)	5
Risk-free interest rate (%)	3.98
Expected volatility (%)	106
Expected dividends (\$/share)	-

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October 31, 2002

4. Share capital

- (e) 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 October 31, 2002 and changes during the period then ended is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, April 30, 2002	1,095,250	\$ 0.43
Granted	420,000	1.35
Exercised	<u>(125,250)</u>	0.26
Outstanding and exercisable, October 31, 2002	<u>1,390,000</u>	\$ 0.72

Range of Exercise Prices	Number Outstanding And Exercisable at October 31, 2002	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$0.30 - \$0.39	440,000	1.05	\$0.34
\$0.40 - \$0.49	45,000	3.20	\$0.44
\$0.50 - \$0.59	485,000	3.75	\$0.55
\$1.30 - \$1.40	<u>420,000</u>	4.87	\$1.35
	<u>1,390,000</u>	3.21 years	\$0.72

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