Altius Minerals Corporation

Consolidated Financial Statements

April 30, 2003 and 2002

Collins Barrow
Chartered Accountants & Consultants

Collins Barrow Calgary LLP
1400 First Alberta Place
777 - 8th Avenue S.W.
Calgary, Alberta, Canada
T2P 3R5

T. 403. 298.1500
F. 403. 298.5814
email: calgary@collinsbarrow.com

Auditors' Report

To the Shareholders
Altius Minerals Corporation

We have audited the consolidated balance sheets of Altius Minerals Corporation as at April 30, 2003 and 2002 and the consolidated statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Calgary LLP

CHARTERED ACCOUNTANTS

Calgary, Alberta
August 12, 2003

Altius Minerals Corporation

Consolidated Balance Sheets

April 30, 2003 and 2002

	2003	2002
Assets		
Current assets		
Cash and cash equivalents	$ 516,338	$ 63,844
Marketable securities (market value - $1,450,446; 2002 - $1,030,160)	1,450,446	1,030,160
Accounts receivable (note 3)	361,489	115,699
Prepaid expenses	22,820	4,184
	2,351,093	1,213,887
Investments (note 4)	42,500	-
Mineral properties and deferred exploration costs (Schedule)	854,227	683,515
Property and equipment (note 5)	54,197	31,968
	$ 3,302,017	$ 1,929,370
Liabilities		
Current liabilities		
Bank overdraft	$ 334,117	$ -
Accounts payable and accrued liabilities	133,970	35,315
	468,087	35,315
Shareholders' Equity		
Share capital (note 7)	4,657,599	3,227,468
Contributed surplus (note 8[c])	55,500	-
Deficit	(1,879,169)	(1,333,413)
	2,833,930	1,894,055
	$ 3,302,017	$ 1,929,370

Approved by the Board,

(signed) “Brian Dalton” , Director

(signed) “Roland Butler” , Director

Altius Minerals Corporation

Consolidated Statements of Loss and Deficit

Years Ended April 30, 2003 and 2002

	2003	2002
Interest income	$ 76,106	$ 35,201
Expenses		
General and administrative	442,641	286,704
Mineral properties abandoned or impaired	58,480	78,331
Stock-based compensation costs	55,500	-
Amortization	17,031	11,021
	573,652	376,056
Loss before the following	(497,546)	(340,855)
Loss on disposal of marketable securities	-	(2,822)
Writedown of marketable securities to market value	(48,210)	-
	(48,210)	(2,822)
Net loss	(545,756)	(343,677)
Deficit, beginning of year	(1,333,413)	(989,736)
Deficit, end of year	$ (1,879,169)	$ (1,333,413)
Net loss per share (basic and diluted) (note 7[e])	$ (0.03)	$ (0.03)

Altius Minerals Corporation

Consolidated Statements of Cash Flows

Years Ended April 30, 2003 and 2002

	2003	2002
Operating activities		
Net loss	$ (545,756)	$ (343,677)
Items not involving cash		
Mineral properties abandoned or impaired	58,480	78,331
Stock-based compensation costs	55,500	-
Amortization	17,031	11,021
Loss on disposal of marketable securities	-	2,822
Writedown of marketable securities to market value	48,210	-
	(366,535)	(251,503)
Change in non-cash working capital balances related to operating activities	(32,005)	19,045
	(398,540)	(232,458)
Financing activities		
Proceeds from issuance of shares, net of issuance costs	1,330,281	974,155
Change in non-cash working capital balances related to financing activities	50,627	(38,125)
	1,380,908	936,030
Investing activities		
Acquisition of marketable securities, net of disposal proceeds	(468,496)	(832,982)
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(171,842)	(265,001)
Acquisition of property and equipment	(39,260)	(18,612)
Change in non-cash working capital balances related to investing activities	(184,393)	(81,582)
	(863,991)	(1,198,177)
Net increase (decrease) in cash and cash equivalents	118,377	(494,605)
Cash and cash equivalents, beginning of year	63,844	558,449
Cash and cash equivalents, end of year	$ 182,221	$ 63,844
Cash and cash equivalents consists of:		
Deposits with banks (bank overdraft)	$ (334,117)	$ 63,844
Term deposits/bankers' acceptances	516,338	-
	$ 182,221	$ 63,844
Items not involving cash:		
The acquisition of investments as partial consideration for option payments received on mineral properties	$ 42,500	$ -
The acquisition of mineral properties in exchange for common shares	$ 99,850	$ 25,000
Contributed surplus recognized upon the issuance of stock options to a non-employee	$ 55,500	$ -

Altius Minerals Corporation

Consolidated Schedule of Mineral Properties and Deferred Exploration Costs

Year Ended April 30, 2003

	Balance, Beginning of Year	Net Additions	Abandoned or Impaired	Balance, End of Year
Rambler (note 9[a])	$87,194	$ 54,512	$ -	$ 141,706
Cross Hills (note 9[b])	31,771	72,384	(540)	103,615
Baie d'Espoir	10,657	78,100	(6,200)	82,557
South Tally Pond (note 9[c])	72,916	6,820	-	79,736
Lockport	65,625	-	(250)	65,375
Twilite (note 9[d])	1,725	58,264	-	59,989
Shamrock	39,276	-	-	39,276
Butler's Pond (note 9[e])	33,921	439	-	34,360
Point Leamington	26,477	-	-	26,477
Rocky Brook (note 9[f])	35,983	(12,732)	-	23,251
Taylor Brook (note 9[g])	14,002	6,848	-	20,850
Exploit's River (note 9[h])	-	19,593	-	19,593
Moosehead	58,252	(43,541)	-	14,711
Central Mineral Belt - Labrador	-	13,212	-	13,212
West Coast	-	10,553	-	10,553
Flint Cove	4,639	-	-	4,639
Labrador West	-	4,581	-	4,581
Victoria River (note 9[i])	2,458	526	-	2,984
Bishop's Falls	-	1,976	-	1,976
Merasheen	-	1,871	-	1,871
Labrador East	-	1,239	-	1,239
Mustang Trend	27,163	(26,388)	-	775
Oil Islands	-	400	-	400
Robert's Arm	125	(124)	-	1
Wild Cove	1	-	-	1
Red Bay	-	1,154	(1,154)	-
Miguel's Trend	35,036	(35,036)	-	-
Jocko Pond	1,160	162	(1,322)	-
Linear	596	(596)	-	-
General exploration	-	1,814	(1,814)	-
Security deposits	134,538	13,161	(47,200)	100,499
	$ 683,515	$ 229,192	$ (58,480)	$ 854,227

Altius Minerals Corporation

Consolidated Schedule of Mineral Properties and Deferred Exploration Costs

Year Ended April 30, 2002

	Balance, Beginning of Year	Net Additions	Abandoned or Impaired	Balance, End of Year
Rambler	$ -	$ 87,194	$ -	$ 87,194
South Tally Pond	46,492	26,424	-	72,916
Lockport	67,839	(2,214)	-	65,625
Moosehead	98,827	(40,575)	-	58,252
Shamrock	38,783	613	(120)	39,276
Rocky Brook	9,130	26,853	-	35,983
Miguel's Trend	21,034	14,002	-	35,036
Butler's Pond	31,323	2,598	-	33,921
Cross Hills	11,466	20,305	-	31,771
Mustang Trend	21,413	5,750	-	27,163
Point Leamington	27,767	(1,130)	(160)	26,477
Taylor Brook	7,514	6,488	-	14,002
Baie d'Espoir	-	10,657	-	10,657
Flint Cove	4,657	162	(180)	4,639
Victoria River	1	2,457	-	2,458
Twilite	-	1,725	-	1,725
Jocko Pond	-	1,160	-	1,160
Linear	-	596	-	596
Robert's Arm	5,947	(5,682)	(140)	125
Wild Cove	9,597	44	(9,640)	1
Fortune Bay	10,206	21,772	(31,978)	-
Lake Michael	4,160	588	(4,748)	-
Red Bay	3,838	7,640	(11,478)	-
Kippen's Ridge	1	325	(326)	-
General exploration	-	1,854	(1,854)	-
Security deposits	51,850	100,395	(17,707)	134,538
	$ 471,845	$ 290,001	$ (78,331)	$ 683,515

1. Nature of operations

   The Corporation's principal business activities include mineral property exploration and development. The Corporation is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

   The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete the development of the properties, and the generation of sufficient income through future production from or the disposition of such assets.

2. Significant accounting policies

   (a) Principles of consolidation

   The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, Altius Resources Inc. and 11073 Newfoundland Limited.

   (b) Cash and cash equivalents

   Cash and cash equivalents consists of amounts on deposit with banks, term deposits and bankers' acceptances with a maturity of one year or less when purchased.

   (c) Marketable securities

   Marketable securities are carried at the lower of cost and market value.

   (d) Investments

   The Corporation uses the cost method to account for its investments, whereby the Corporation's investment is recorded at its original cost and earnings from the Corporation's investment is recognized only to the extent received or receivable. Where there has been a permanent decline in value, the investment is stated at net realizable value.

   (e) Mineral properties and deferred exploration costs

   The amount shown for mineral properties and deferred exploration costs includes the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of management fees and salaries based on time spent, and other costs directly related to specific properties. All other costs, including administrative overhead, are expensed as incurred. Mineral properties acquired for share consideration are recorded at the fair value of the shares at the date of acquisition.

Incidental revenue derived from management fees and option payments received from third parties for the right to explore mineral properties are recorded first as a reduction of the specific mineral property and deferred exploration costs to which the fees and payments relate, then as a reduction to general exploration costs, and any excess as a reduction to general and administrative expense.

Management periodically reviews the carrying values of mineral properties and deferred exploration costs with internal and external mining professionals. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, the likelihood of attracting a joint venture exploration partner and the general likelihood that the Corporation will continue exploration on the project. The Corporation does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or determination of impairment of value. The amounts recorded as mineral properties and deferred exploration costs represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of mineral properties and deferred exploration costs that are developed to the stage of commercial production will be amortized to operations on a unit-of-production basis over economically recoverable reserves.

(f) Property and equipment

Property and equipment is recorded at cost. Amortization is provided using the following methods and annual rates:

Computer equipment	30%	declining balance
Computer software	100%	straight-line
Office equipment	20%	declining balance
Leasehold improvements	3	years straight-line

(g) Measurement uncertainty

The valuation of the mineral properties and deferred exploration costs are based on management's best estimate of the future recoverability of these assets. The amount recorded for amortization of property and equipment is based on management's best estimate of the remaining useful lives of these assets.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements from changes in such estimates in future periods could be significant.

(h) Income taxes

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at the carrying values. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization.

(i) Flow-through shares

Share capital includes flow-through shares issued pursuant to certain provisions of the Income Tax Act (Canada) (the "Act"). The Act provides that, where share issuance proceeds are used for exploration and development expenditures, the related income tax deductions may be renounced to subscribers. Accordingly, these expenditures provide no income tax deduction to the Corporation.

Share capital is reduced and a future income tax liability is recorded equal to the estimated amount of future income taxes payable by the Corporation as a result of the renunciations when the expenditures are made. Where at the time of issuance the Corporation has unrecorded net tax assets exceeding the deductions renounced, no future income tax liability is recorded.

(j) Stock-based compensation

Effective May 1, 2002, the Corporation prospectively adopted the Canadian Institute of Chartered Accountants new accounting standard with respect to accounting for stock-based compensation arrangements. Stock options granted to non-employees are accounted for using the fair value method under which options granted on or after May 1, 2002 are recorded at their estimated fair value at the grant date. The Corporation has elected to use the intrinsic value based method of accounting for stock options granted to employees and directors, whereby no amount 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. However, the pro forma effect of accounting for stock options granted to employees and directors using the fair value method for options granted on or after May 1, 2002 is disclosed in note 8(c).

The amounts disclosed related to fair values of stock options issued, and the resultant pro forma income effects (note 8[c]) are based on estimates of future volatility of the Corporation's share price, expected lives of the options, expected dividends to be paid by the Corporation and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the financial statements of future periods could be significant.

(k) Government assistance

Government assistance received or receivable in respect of mineral property exploration costs is reflected as a reduction of the cost of the property and the related deferred exploration costs.

(l) Diluted income per share

Diluted income per share is calculated using the Treasury Stock Method, whereby it is assumed that proceeds received on the exercise of stock options and warrants are used to repurchase Corporation shares at the weighted-average market price during the period.

3. Accounts receivable

	2003	**2002**
Employees	$ -	$ 38,000
Trade	361,489	77,699
	$ 361,489	$ 115,699

The $38,000 receivable from employees in 2002 was pursuant to the exercise of stock options.

4. Investments

	2003	**2002**
Investments, at cost (market value - $20,500)	$ 42,500	$ -

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.

5. Property and equipment

	2003			2002		
	Cost	**Accumulated Amortization**	**Net Book Value**	**Cost**	**Accumulated Amortization**	**Net Book Value**
Computer equipment and software	$ 49,430	$ 26,742	$ 22,688	$ 30,145	$ 16,064	$ 14,081
Office equipment	41,734	17,187	24,547	28,939	11,052	17,887
Leasehold improvements	7,180	218	6,962	-	-	-
	$ 98,344	$ 44,147	$ 54,197	$ 59,084	$ 27,116	$ 31,968

6. Income taxes

(a) Significant components of the future tax asset at April 30, 2003 and 2002 are as follows:

	2003	**2002**
Temporary differences related to mineral properties and deferred exploration costs	$ 85,852	$ 93,052
Tax values of property and equipment in excess of net book values	15,946	11,692
Share issuance costs	38,692	11,406
Non-capital loss carryforwards	461,260	478,133
Other	18,328	845
Valuation allowance	(620,078)	(595,128)
	$ -	$ -

(b) Income taxes differ from that which would be expected from applying the effective Canadian federal and provincial income tax rates of 42.79% (2002 - 43.12%) to the loss before income taxes as follows:

	2003	**2002**
Expected tax recovery	$ (233,529)	$ (148,194)
Resource allowance	36,310	22,163
Stock-based compensation costs	23,749	-
Tax rate reductions	115,518	-
Other	(835)	(777)
Future tax benefit not recognized	58,787	126,808
	$ -	$ -

(c) The Corporation has the following non-capital loss carryforwards for which no benefit has been recognized in the financial statements:

Expiry Date	Amount
2004	$ 23,721
2005	191,230
2006	185,392
2007	248,538
2008	293,460
2009	166,501
2010	168,468
	$ 1,277,310

7. 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

	2003		2002	
	Number	Stated Value	Number	Stated Value
Balance, beginning of year	15,064,284	$ 3,227,468	13,054,284	$ 2,228,313
Exercise of stock options (note 8[a])	345,250	107,550	175,000	62,450
Exercise of warrants (note 7[c])	235,000	363,000	1,605,000	722,250
Pursuant to a private placement (note 7[d])	1,000,000	1,050,000	200,000	200,000
Pursuant to acquisition of mineral properties	75,000	99,850	30,000	25,000
	16,719,534	4,847,868	15,064,284	3,238,013
Less: Share issuance costs		190,269		10,545
Balance, end of year		$ 4,657,599		$ 3,227,468

(c) Warrants issued pursuant to private placements were exercised during the years ended April 30, 2003 and 2002, resulting in the issuance of 100,000 common shares at $1.25 per share and 135,000 flow-through common shares at $1.20 per share, for aggregate proceeds of $287,000 (2002 - 1,605,000 at $0.45 per share, for aggregate proceeds of $722,250). An additional $76,000 was recorded as a compensation cost upon the exercise of warrants by non-employees.

(d) 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 April 30, 2003, no warrants have been exercised. Subsequent to April 30, 2003, 400,000 whole warrants were exercised resulting in the issuance of 400,000 common shares at $1.25 per share for aggregate proceeds of $500,000.

The Corporation paid a cash commission of $73,500 to the agent for placing the units. The Corporation also issued 100,000 warrants to the agent to purchase one common share at $1.25 per share until May 16, 2003. During the year ended April 30, 2003, the warrants were exercised by the agent (note 7[c]).

The fair value of the warrants issued to the agent at the date of closing of the private placement was $0.76 per warrant, using the Black-Scholes option pricing model with the following weighted-average assumptions:

Expected life (years)	1
Expected dividend yield (%)	-
Risk-free interest rate (%)	3.4
Expected volatility (%)	94

The stock-based compensation cost of $76,000, valued by the fair value method, has been included in share issuance costs.

During the year ended April 30, 2002, pursuant to a private placement, the Corporation issued 200,000 units at $1.00 per unit for aggregate proceeds of $200,000. Each unit consists of one flow-through common share and a warrant to purchase one additional flow-through common share at $1.20 per share until December 27, 2003. During the year ended April 30, 2003, 135,000 warrants were exercised at $1.20 per share for 135,000 flow-through common shares (note 7[c]). At April 30, 2003, the remaining 65,000 warrants are outstanding. Subsequent to April 30, 2003, 50,000 warrants were exercised resulting in the issuance of 50,000 flow-through common shares at $1.20 per share for aggregate proceeds of $60,000.

In accordance with the terms of the offering and pursuant to certain provisions of the Income Tax Act, the Corporation renounced, for income tax purposes, exploration expenditures in the amount of $162,000 (2002 - $200,000) effective December 31, 2002 and 2001. To April 30, 2003, $43,185 (2002 - $56,620) has been expended on exploration. The Corporation is committed to spend the remaining $118,815 on exploration expenditures by December 31, 2003. During the year ended April 30, 2003, the remaining $143,380 from the renunciation effective December 31, 2001, was expended on exploration expenditures by December 31, 2002.

(e) Net loss per share

Net loss per share has been calculated using the weighted-average basic and diluted number of common shares of 16,218,941 (2002 - 13,593,406) outstanding during the year. The exercise of options and warrants would not be dilutive.

8. Stock-based compensation

(a) 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 April 30, 2003 and 2002 and changes during the years ending on those dates is as follows:

	2003		**2002**	
	Number of Options	**Weighted-Average Exercise Price**	**Number of Options**	**Weighted-Average Exercise Price**
Outstanding, beginning of year	1,095,250	$ 0.43	770,250	$ 0.33
Granted	470,000	1.39	500,000	0.55
Exercised	(345,250)	0.31	(175,000)	0.36
Cancelled	(40,000)	0.55	-	-
Outstanding and exercisable, end of year	1,180,000	$ 0.84	1,095,250	$ 0.43

Subsequent to April 30, 2003, 120,000 common shares were issued upon the exercise of stock options for aggregate proceeds of $55,050.

(b) The following table summarizes information about stock options outstanding and exercisable at April 30, 2003:

Exercise Price	Number	Weighted-Average Remaining Contractual Life
$0.35	240,000	1.02 years
$0.44	45,000	2.70
$0.55	425,000	3.27
$1.35	420,000	4.39
$1.75	50,000	4.78
	1,180,000	3.25 years

(c) On a pro forma basis, had the compensation costs for the stock options issued to employees and directors been determined based on the fair value method, the Corporation's net loss and loss per share would have been as follows:

Compensation costs	$	458,700
Net loss		
As reported	$	545,756
Pro forma		1,004,456
Net loss per share - basic and diluted		
As reported	$	(0.03)
Pro forma		(0.06)

The fair value of the options granted were estimated on the date of grant to be $1.09 per option using the Black-Scholes option pricing model with the following weighted-average assumptions:

Expected life (years)	5
Expected dividend yield (%)	-
Risk-free interest rate (%)	4.0
Expected volatility (%)	105

The stock-based compensation cost relating to granting of options to a consultant, valued by the fair value method of $55,500, is classified as contributed surplus until the options are exercised or until expiry.

9. Commitments

(a) Rambler

Pursuant to an option agreement to purchase an interest in certain Rambler mineral claims and a mining lease, the Corporation can elect to issue 25,000 common shares on each of November 1, 2003 and 2004, and 100,000 common shares on November 1, 2005. The Corporation must incur exploration expenditures of $500,000 within a four year period commencing November 1, 2001, with a minimum expenditure in each year equal to the minimum amount required to maintain the property in good standing with the Department of Mines and Energy of the Government of Newfoundland and Labrador.

Upon completion of the above option payments and the required expenditures, the Corporation will have earned a 100% interest in the property, subject to the retention by the Vendor of a 1% Royalty.

The Corporation has the option and right to purchase the Royalty at any time thereafter for $500,000.

The Corporation has a commitment to rent office and core shed facilities on the property at an amount of $1,833 per month during the period of the option agreement.

(b) Cross Hills

Pursuant to an option agreement to purchase an interest in certain Cross Hills mineral claims, the Corporation can elect to pay $15,000 and issue 15,000 common shares on January 14, 2004, and pay $500,000 on the date which is twelve months following the commencement by the Corporation of commercial production of the mineral claims.

Upon completion of the above option payments, the Corporation will have earned a 100% interest in the mineral claims, subject to the retention by the Vendor of a 2.5% Royalty.

The Corporation has the option and right to purchase 60% of the Royalty at any time thereafter for $1,500,000.

(c) South Tally Pond

Pursuant to an option agreement, the Corporation has the option and right to acquire an interest in two mineral licenses representing 190 mining claims. The Corporation must incur expenditures in respect of exploration and development of the property totalling at least $500,000 on or before December 18, 2004.

Upon completion of the required $500,000 expenditures, the Corporation will have earned a 100% interest in the property, subject to the retention by the Vendor of a 2% Royalty, and the right by the Vendor to purchase up to 100% of concentrate produced from the property on a commercially competitive basis.

In addition, upon commencement of production on any part of the property, the Corporation agrees to either issue to the Vendor 1,000,000 common shares or, in the event that the Corporation assigns its interest to a third party, 1,000,000 common shares pro-rated to the participating interests of the Corporation and the third party, or pay the Vendor $2,000,000.

(d) Twilite

Pursuant to an option agreement to purchase an interest in certain Twilite mineral claims, the Corporation can elect to pay $10,000 and issue 10,000 common shares on November 12, 2003, pay $12,500 and issue 10,000 common shares on November 12, 2004, and pay $200,000 on the date which is twelve months following the commencement by the Corporation of commercial production of the property.

Upon completion of the above option payments, the Corporation will have earned a 100% interest in the property, subject to the retention by the Vendor of a 2% Royalty.

The Corporation has the option and right to purchase 50% of the Royalty at any time thereafter for $1,500,000.

(e) Butler's Pond

Pursuant to an amended option agreement to purchase an interest in certain Butler's Pond mineral claims, the Corporation can elect to pay $10,000 and issue 20,000 common shares on the earlier of the date on which the Corporation has reached an agreement with a joint venture/option partner to proceed with exploration on the property or November 29, 2005, and pay $15,000 and issue 30,000 common shares one year later.

Upon completion of the above option payments and issuance of common shares, the Corporation will have earned a 100% interest in the mineral claims, subject to retention by the Vendor of a 1.5% Royalty.

The Corporation has the option and right to purchase 50% of the Royalty at any time thereafter for $1,000,000.

(f) Rocky Brook

Pursuant to an option agreement to purchase an interest in certain Rocky Brook mineral claims, the Corporation can elect to issue 50,000 common shares on April 26, 2004.

Upon completion of the above option payment, the Corporation will have earned a 100% interest in the property, subject to retention by the Vendor of a 2% Royalty.

The Corporation has the option and right to purchase 50% of the Royalty at any time thereafter for $1,000,000.

(g) Taylor Brook

Pursuant to an amended option agreement to purchase an interest in certain Taylor Brook mineral claims, the Corporation can elect to pay $5,000 on July 14, 2003 (which has been paid subsequent to April 30, 2003).

Upon completion of the above option payment, the Corporation will have earned a 100% interest in the mineral claims, subject to retention by the Vendor of a 2% Royalty.

The Corporation has the option and right to purchase 50% of the Royalty at any time thereafter for $1,000,000.

(h) Exploit's River

Pursuant to an option agreement to purchase an interest in certain Exploit's River mineral claims, the Corporation can elect to pay $8,000 and issue 8,000 common shares on October 29, 2003 and pay $10,000 and issue 10,000 common shares on October 29, 2004.

Upon completion of the above option payments, the Corporation will have earned a 100% interest in the property, subject to the retention by the Vendor of a 2% Royalty.

The Corporation has the option and right to purchase 50% of the Royalty at any time thereafter for $1,000,000.

(i) Victoria River

Pursuant to a joint venture agreement, the Corporation has entered the third stage and has elected not to exercise their option to contribute in full to the joint venture funding and accordingly has accepted a dilution in their interest from 49% to 43.63%.

(j) Equipment and office space leases

The Corporation is committed under leases on equipment and office space including operating costs (in addition to note 9[a]) for the following future minimum lease payments over the next three years:

2004	$ 16,698
2005	17,642
2006	12,180
	$ 46,520

10. Government assistance

During the year ended April 30, 2003, the Government of Newfoundland and Labrador contributed a total of $ 247,397 (2002 - $221,491) to the Corporation under the Junior Company Exploration Assistance Program. The amounts were recorded as a reduction of deferred exploration costs on the respective properties. According to the contribution agreements, the projects to which contributions were related were required to be completed to the satisfaction of the Minister of Mines and Energy ("the Minister") by a specific date. Repayment of contributions are required if the Corporation fails to comply with terms of the agreements, the Corporation becomes bankrupt or insolvent, distress or execution is levied or issued against properties of the Corporation used in the projects, the Corporation ceases to carry on business, the Corporation defaults in performance of any of the conditions contained in the contribution agreement, or if the Corporation uses any funds provided under the agreements for any purpose other than authorized by the Minister.

Subsequent to April 30, 2003, the Corporation received approval for a contribution of 50% of eligible costs on two specific projects to a maximum of $100,000 each, provided that the projects are completed by September 30, 2003 and October 31, 2003, respectively.

11. Financial instruments

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values due to the short-term nature of these financial instruments.

12. Subsequent events

On July 10, 2003, the Corporation acquired 750,000 Class B units, representing a 7.5% limited partnership interest, in the newly formed Labrador Nickel Royalty Limited Partnership, for cash consideration of $9,750,000 and the issuance of 750,000 share purchase warrants. Each warrant entitles the holder to purchase one common share as follows:

500,000 warrants at $2.00 per share to December 31, 2006; 250,000 warrants at $2.50 per share prior to December 31, 2003, $3.00 per share thereafter to December 31, 2004, $3.50 per share thereafter to December 31, 2005, and $4.00 per share thereafter to December 31, 2006.

The Labrador Nickel Royalty Limited Partnership acquired a 100% interest in the 3% Net Smelter Returns Royalty (NSR) in respect of production from the Voisey's Bay Mine in the Province of Newfoundland and Labrador from the general partner on July 10, 2003. The general partner holds 9,250,000 Class A units in the Limited Partnership, representing a 92.5% interest.

The Corporation has the right to acquire from the general partner an additional 2.5% interest in the Limited Partnership on or before December 31, 2006. The exercise price for the additional 2.5% interest varies on a quarterly basis commencing on August 15, 2003 with an exercise price of $2,238,750 USD and escalating to $3,019,250 USD on November 15, 2006. The purchase price is payable in Canadian dollars with the exercise price converted to Canadian dollars based on the preceding 30 day average of the Canada/United States currency exchange ratio.

Voisey's Bay Nickel Company Limited, developer of the Voisey's Bay project, has been granted a right of first offer with respect to a disposition of any interest in the Limited Partnership, excluding the right of the Corporation to acquire an additional 2.5% interest, as referred to in the previous paragraph.

Subsequent to April 30, 2003, pursuant to a private placement offering, the Corporation issued 6,250,000 units at $1.60 per unit, for aggregate proceeds of $10,000,000. 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 $2.00 per share until July 11, 2005.

The Corporation paid a cash commission of $694,400 to the agents for placing the units. The Corporation also issued 372,000 warrants to the agents to purchase one common share at $2.00 per share until July 11, 2005.