

ALTIUS MINERALS CORPORATION

**SECOND QUARTER
INTERIM FINANCIAL STATEMENTS**

October 31, 2004

These Financial Statements have not been reviewed by an Auditor

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

	Unaudited October 31 2004	Audited April 30 2004
Assets		
Current assets		
Cash and cash equivalents	\$ 1,591,933	\$ 1,340,357
Marketable securities (Market value - \$845,275; April 30, 2004 – \$542,500)	769,513	466,738
Accounts receivable	338,955	137,277
Prepaid expenses	<u>54,744</u>	<u>32,025</u>
	2,755,145	1,976,397
Mineral properties and deferred exploration costs (schedule)	2,082,966	1,514,298
Property and equipment	68,310	75,248
Investments (note 2)	<u>10,597,033</u>	<u>10,619,367</u>
	<u>\$ 15,503,454</u>	<u>\$ 14,185,310</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 275,524</u>	<u>\$ 199,651</u>
Shareholders' Equity		
Share capital (note 3)	17,921,878	15,805,255
Contributed surplus (note 3)	367,127	885,778
Deficit	<u>(3,061,075)</u>	<u>(2,705,374)</u>
	<u>15,227,930</u>	<u>13,985,659</u>
	<u>\$ 15,503,454</u>	<u>\$ 14,185,310</u>

Approved by the Board,

“Brian F. Dalton” _____, Director

“John A. Baker” _____, Director

ALTIUS MINERALS CORPORATION
Consolidated Statements of Loss and Deficit
(Unaudited)

	Three Months Ended October 31		Six Months Ended October 31	
	2004	2003	2004	2003
Interest income	\$ <u>4,761</u>	\$ <u>15,407</u>	\$ <u>12,079</u>	\$ <u>35,962</u>
Expenses				
General and administrative	125,073	198,085	289,687	281,203
Option payments applied to general and administrative	(88,550)	-	(88,550)	(15,000)
Mineral properties abandoned or impaired	181,871	138,327	186,510	140,614
Amortization	<u>5,423</u>	<u>4,378</u>	<u>10,892</u>	<u>9,613</u>
	<u>223,817</u>	<u>340,790</u>	<u>398,539</u>	<u>416,430</u>
Loss before the following	<u>(219,056)</u>	<u>(325,383)</u>	<u>(386,460)</u>	<u>(380,468)</u>
Gain on disposal of				
Marketable securities	-	1,000	-	1,000
Investments	<u>17,497</u>	<u>-</u>	<u>30,759</u>	<u>-</u>
	<u>17,497</u>	<u>1,000</u>	<u>30,759</u>	<u>1,000</u>
Net loss	(201,559)	(324,383)	(355,701)	(379,468)
Deficit, beginning of period	<u>(2,859,516)</u>	<u>(1,934,254)</u>	<u>(2,705,374)</u>	<u>(1,879,169)</u>
Deficit, end of period	<u>\$ (3,061,075)</u>	<u>\$ (2,258,637)</u>	<u>\$ (3,061,075)</u>	<u>\$ (2,258,637)</u>
Net loss per share (basic and diluted)	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>

ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended October 31		Six Months Ended October 31	
	2004	2003	2004	2003
Operating activities				
Net loss	\$(201,559)	\$(324,383)	\$(355,701)	\$(379,468)
Items not affecting cash				
Cost of mineral properties abandoned or impaired	181,871	138,327	186,510	140,614
Amortization	5,423	4,378	10,892	9,613
Gain on disposal of marketable securities	-	(1,000)	-	(1,000)
Gain on disposal of investments	<u>(17,497)</u>	<u>-</u>	<u>(30,759)</u>	<u>-</u>
	(31,762)	(182,678)	(189,058)	(230,241)
Change in non-cash working capital balances related to operating activities	<u>(26,624)</u>	<u>69,768</u>	<u>47,076</u>	<u>48,771</u>
	<u>(58,386)</u>	<u>(112,910)</u>	<u>(141,982)</u>	<u>(181,470)</u>
Financing activities				
Proceeds from issuance of shares, net of issuance cost	1,393,454	93,591	1,597,972	9,903,010
Change in non-cash working capital balances related to financing activities	<u>18,612</u>	<u>(36,312)</u>	<u>12,144</u>	<u>(23,301)</u>
	<u>1,412,066</u>	<u>57,279</u>	<u>1,610,116</u>	<u>9,879,709</u>
Investing activities				
Acquisition of marketable securities	(302,774)	-	(302,774)	-
Proceeds from disposal of marketable securities	-	501,000	-	501,000
Proceeds from disposal of investments	36,164	-	53,093	-
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(536,058)	(299,843)	(755,178)	(448,740)
Acquisition of investment in limited partnership	-	(5,631)	-	(9,930,799)
Acquisition of equipment	-	(6,903)	(3,954)	(13,679)
Change in non-cash working capital balances related to investing activities	<u>(342,507)</u>	<u>(141,426)</u>	<u>(207,745)</u>	<u>144,928</u>
	<u>(1,145,175)</u>	<u>47,197</u>	<u>(1,216,558)</u>	<u>(9,747,290)</u>
Net increase (decrease) in cash and cash equivalents	208,505	(8,434)	251,576	(49,051)
Cash and cash equivalents, beginning of period	<u>1,383,428</u>	<u>141,604</u>	<u>1,340,357</u>	<u>182,221</u>
Cash and cash equivalents, end of period	<u>\$1,591,933</u>	<u>\$ 133,170</u>	<u>\$1,591,933</u>	<u>\$ 133,170</u>
Cash and cash equivalents consists of:				
Deposits with banks (bank overdraft)	\$1,441,933	\$ (467,725)	\$ 384,879	\$(467,725)
Term deposits/bankers' acceptances	<u>150,000</u>	<u>600,895</u>	<u>955,478</u>	<u>600,895</u>
	<u>\$1,591,933</u>	<u>\$ 133,170</u>	<u>\$1,340,357</u>	<u>\$ 133,170</u>

Supplementary cash flow information (note 4)

ALTIUS MINERALS CORPORATION**Consolidated Schedule of Mineral Properties and Deferred Exploration Costs****Six Months Ended October 31, 2004****(Unaudited)**

	Balance April 30, 2004	Net Additions	Abandoned or impaired	Balance October 31, 2004
Rambler	\$ 484,535	\$ 175,400	-	\$ 659,935
Central Mineral Belt - Labrador	122,197	323,058	-	445,255
South Tally Pond	125,946	172,379	-	298,325
Lockport	65,707	3,405	-	69,112
Mustang Trend	28,049	36,898	-	64,947
Rocky Brook	53,224	6,162	-	59,386
Baie d'Espoir	53,236	-	-	53,236
Labrador	-	51,426	(17,142)	34,284
Labrador West	49,467	1,038	(25,255)	25,250
Shamrock	42,771	-	-	42,771
Taylor Brook	30,958	7,776	-	38,734
Point Leamington	27,987	-	-	27,987
Merasheen	14,242	-	(80)	14,162
Miguel's Trend	9,659	992	-	10,651
Bay du Nord	8,523	-	(460)	8,063
Martin Lake	4,189	2,966	-	7,155
Montgomery Lake	4,426	1,608	-	6,034
Victoria River	3,733	102	-	3,835
Moosehead	5,558	(2,021)	-	3,537
West Coast	-	1,050	-	1,050
Martin Lake Southeast	-	829	-	829
Martin Lake South	-	229	-	229
Petitskapau	-	227	-	227
Robert's Arm	1	-	-	1
Wild Cove	1	-	-	1
Twilight	136,296	1,004	(137,300)	-
Mishikamau	22,469	(22,469)	-	-
Flint Cove	4,639	-	(4,639)	-
Julienne Lake	2,235	(2,235)	-	-
Exploits	-	1,634	(1,634)	-
Security deposits	214,250	(6,280)	-	207,970
	\$ 1,514,298	\$ 755,178	\$ (186,510)	\$ 2,082,966

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2004

(Unaudited)

1. Basis of presentation

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the fiscal 2004 annual consolidated financial statements, except for the asset retirement obligations policy 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 April 30, 2004 annual consolidated financial statements.

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

Asset retirement obligations

Effective May 1, 2004, the Corporation has adopted retroactively the recommendations of CICA Handbook Section 3110 "Asset Retirement Obligations". This standard requires liability recognition for retirement obligations associated with long-lived assets, which includes the abandonment of mineral properties and returning property to its original condition.

The standard requires the Corporation to recognize the fair value of the liability for an asset retirement obligation in the period in which it is incurred and record a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Corporation's credit adjusted risk-free interest rate. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized on the same basis as mineral properties and deferred exploration costs.

This change in accounting policy did not have an impact on the Corporation's consolidated financial statements at October 31, 2004 and for the year ended April 30, 2004.

ALTIUS MINERALS CORPORATION
Notes to Consolidated Financial Statements
October 31, 2004
(Unaudited)

2. Investments

	October 31 2004	April 30 2004
Investment in Labrador Nickel Royalty Limited Partnership – 750,000 units representing a 7.5% interest, at cost (note 5)	\$ 10,557,200	\$ 10,557,200
Investments, at cost (market value \$117,675; April 30, 2004 - \$102,250)	<u>39,833</u>	<u>62,167</u>
	<u>\$ 10,597,033</u>	<u>\$10,619,367</u>

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

	Number	Stated Value
Balance, April 30, 2004	24,410,930	\$ 15,805,255
Exercise of warrants [note 3 (c)]	778,860	2,071,973
Exercise of stock options [note 3 (d)]	<u>57,000</u>	<u>44,650</u>
	<u>25,246,790</u>	<u>\$ 17,921,878</u>

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2004

(Unaudited)

3. Share capital

- (c) Warrants issued pursuant to a private placement in July 2003 were exercised in the six months ended October 31, 2004, resulting in the issuance of 212,812 common shares at \$2.00 per share, for aggregate proceeds of \$425,624. Agents' warrants were exercised, resulting in the issuance of 66,048 common shares at \$2.00 per share, for aggregate proceeds of \$132,096. Warrants issued as partial consideration for the acquisition of an interest in the Labrador Nickel Royalty Limited Partnership in July 2003 (partnership warrants) were exercised in the six months ended October 31, 2004, resulting in the issuance of 500,000 common shares at \$2.00 per share, for aggregate proceeds of \$1,000,000. An additional \$514,253 was reclassified from contributed surplus to share capital upon the exercise of the partnership warrants (\$470,000) and upon the exercise of the agents' warrants (\$44,253).
- (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 October 31, 2004 and changes during the period then ended is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, April 30, 2004	1,125,000	\$ 1.40
Exercised	<u>(57,000)</u>	0.71
Outstanding, October 31, 2004	<u>1,068,000</u>	\$ 1.44
Excercisable, October 31, 2004	<u>876,000</u>	<u>\$ 1.09</u>

An additional \$4,400 was reclassified from contributed surplus to share capital upon the exercise of stock options.

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2004

(Unaudited)

3. Share capital

The following table summarizes information about stock options outstanding and exercisable at October 31, 2004:

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	405,000	1.77	405,000	1.77
\$1.35	375,000	2.88	375,000	2.88
\$1.75	50,000	3.25	50,000	3.25
\$3.00	218,000	4.30	42,000	4.30
\$3.50	<u>20,000</u>	4.40	<u>4,000</u>	4.40
	<u>1,068,000</u>	2.79	<u>876,000</u>	2.46

Subsequent to October 31, 2004, a total of 125,000 stock options were granted to directors and officers. Each option entitles the holder to purchase one common share at \$4 per share. The options have a five year contractual life to December 12, 2009 and 20,000 were exercisable at December 12, 2004.

(e) At October 31, 2004 the following whole warrants are outstanding with each whole warrant entitling the holder to purchase one common share:

250,000 warrants at \$3.00 per share to December 31, 2004, \$3.50 per share thereafter to December 31, 2005 and \$4.00 per share thereafter to December 31, 2006; 250,000 warrants were exercised subsequent to October 31, 2004, resulting in the issuance of 250,000 common shares at \$3.00 per share, for aggregate proceeds of \$750,000.

2,681,744 warrants at \$2.00 per share expiring July 11, 2005; subsequent to October 31, 2004, 918,855 warrants were exercised, resulting in the issuance of 918,855 common shares at \$2.00 per share, for aggregate proceeds of \$1,837,710.

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2004

(Unaudited)

4. Supplementary cash flow information

	Three Months Ended October 31		Six Months Ended October 31	
	2004	2003	2004	2003
Items not involving cash:				
The acquisition of investments as partial consideration for option payments received on mineral properties	\$ -	\$ -	\$ -	\$ 15,000
Contributed surplus recognized upon the issuance of stock warrants to a non-employee (agent) as partial consideration for private placement share issuance costs	\$ -	\$ -	\$ -	\$ 249,240
Contributed surplus recognized upon the issuance of stock warrants as partial consideration for acquisition of investment	\$ -	\$ -	\$ -	\$ 622,500

5. Subsequent event

On December 8, 2004 the Corporation acquired an additional 2.5% interest in the Labrador Nickel Royalty Limited Partnership (the Partnership) from the general partner, thereby increasing its interest in the Partnership to 10%. The Corporation paid cash consideration of \$3,016,236 CDN (\$2,513,000 USD in accordance with the terms of the original July 10, 2003 agreement). The Corporation received 250,000 Class A units from the general partner which were immediately and automatically converted to 250,000 Class B units in accordance with the terms of the original agreement.