

ALTIUS MINERALS CORPORATION

**INTERIM FINANCIAL STATEMENTS
UNAUDITED**

JANUARY 31, 2005

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

	Unaudited January 31 2005	Audited April 30 2004
Assets		
Current assets		
Cash and cash equivalents	\$ 1,403,828	\$ 1,340,357
Marketable securities (Market value - \$618,947; April 30, 2004 – \$542,500)	554,813	466,738
Accounts receivable	121,836	137,277
Government grant receivable	100,000	-
Prepaid expenses	<u>46,209</u>	<u>32,025</u>
	2,226,686	1,976,397
Mineral properties and deferred exploration costs (schedule)	2,019,019	1,514,298
Property and equipment	74,256	75,248
Investments (note 2)	<u>13,778,029</u>	<u>10,619,367</u>
	<u>\$ 18,097,990</u>	<u>\$ 14,185,310</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 188,992</u>	<u>\$ 199,651</u>
Shareholders' Equity		
Share capital (note 3)	21,036,743	15,805,255
Contributed surplus (note 3)	264,427	885,778
Deficit	<u>(3,392,172)</u>	<u>(2,705,374)</u>
	<u>17,908,998</u>	<u>13,985,659</u>
	<u>\$ 18,097,990</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 January 31		Nine Months Ended January 31	
	2005	2004	2005	2004
Interest income	\$ <u>5,421</u>	\$ <u>5,550</u>	\$ <u>17,500</u>	\$ <u>41,512</u>
Expenses				
General and administrative	261,060	159,969	550,747	441,172
Option payments applied to general and administrative	(72,622)	-	(161,172)	(15,000)
Mineral properties abandoned or impaired	270,342	42,321	456,852	182,935
Stock-based compensation costs (note 3 [e])	61,000	-	61,000	-
Amortization	<u>6,728</u>	<u>11,373</u>	<u>17,620</u>	<u>20,986</u>
	<u>526,508</u>	<u>213,663</u>	<u>925,047</u>	<u>630,093</u>
Loss before the following	<u>(521,087)</u>	<u>(208,113)</u>	<u>(907,547)</u>	<u>(588,581)</u>
Gain on disposal of Marketable securities	39,489	21,825	39,489	22,825
Investments	<u>150,501</u>	<u>34,850</u>	<u>181,260</u>	<u>34,850</u>
	<u>189,990</u>	<u>56,675</u>	<u>220,749</u>	<u>57,675</u>
Net loss	(331,097)	(151,438)	(686,798)	(530,906)
Deficit, beginning of period	<u>(3,061,075)</u>	<u>(2,258,637)</u>	<u>(2,705,374)</u>	<u>(1,879,169)</u>
Deficit, end of period	<u>\$ (3,392,72)</u>	<u>\$ (2,410,075)</u>	<u>\$ (3,392,172)</u>	<u>\$ (2,410,075)</u>
Net loss per share (basic and diluted)	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>

ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended January 31		Nine Months Ended January 31	
	2005	2004	2005	2004
Operating activities				
Net loss	\$ (331,097)	(151,438)	\$ (686,798)	\$(530,906)
Items not affecting cash				
Cost of mineral properties abandoned or impaired	270,342	42,321	456,852	182,935
Option payment applied to general and administrative	(72,622)	-	(72,622)	-
Amortization	6,728	11,373	17,620	20,986
Stock-based compensation costs	61,000	-	61,000	-
Gain on disposal of marketable securities and investments	(189,990)	(56,675)	(220,749)	(57,675)
	<u>(255,639)</u>	<u>(154,419)</u>	<u>(444,697)</u>	<u>(384,660)</u>
Change in non-cash working capital balances related to operating activities	<u>(14,226)</u>	<u>(63,826)</u>	<u>32,850</u>	<u>(15,055)</u>
	<u>(269,865)</u>	<u>(218,245)</u>	<u>(411,847)</u>	<u>(399,715)</u>
Financing activities				
Proceeds from issuance of shares, net of issuance cost	2,847,415	357,800	4,445,387	10,260,810
Change in non-cash working capital balances related to financing activities	-	(4,668)	12,144	(27,969)
	<u>2,847,415</u>	<u>353,132</u>	<u>4,457,531</u>	<u>10,232,841</u>
Investing activities				
Acquisition of marketable securities	-	-	(302,774)	-
Proceeds from disposition of marketable securities	254,188	505,533	254,188	1,006,533
Proceeds from disposition of investments	164,285	42,183	217,378	42,183
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(167,523)	(77,252)	(922,701)	(525,992)
Acquisition of investment in limited partnership	(3,057,280)	(2,627)	(3,057,280)	(9,933,425)
Acquisition of equipment	(12,674)	(16,920)	(16,628)	(30,599)
Change in non-cash working capital balances related to investing activities	53,349	(82,420)	(154,396)	62,507
	<u>(2,765,655)</u>	<u>368,497</u>	<u>(3,982,213)</u>	<u>(9,378,793)</u>
Net increase (decrease) in cash and cash equivalents	(188,105)	503,384	63,471	454,333
Cash and cash equivalents, beginning of period	<u>1,591,933</u>	<u>133,170</u>	<u>1,340,357</u>	<u>182,221</u>
Cash and cash equivalents, end of period	<u>\$ 1,403,828</u>	<u>\$ 636,554</u>	<u>\$ 1,403,828</u>	<u>\$ 636,554</u>
Cash and cash equivalents consist of:				
Deposits with bank	\$ 917,786	\$ 432,068	\$ 917,786	\$ 432,068
Term deposits/bankers' acceptances	<u>486,042</u>	<u>204,486</u>	<u>486,042</u>	<u>204,486</u>
	<u>\$ 1,403,828</u>	<u>\$ 636,554</u>	<u>\$ 1,403,828</u>	<u>\$ 636,554</u>

Supplementary cash flow information (note 4)

ALTIUS MINERALS CORPORATION**Consolidated Schedule of Mineral Properties and Deferred Exploration Costs****Nine Months Ended January 31, 2005****(Unaudited)**

	Balance April 30, 2004	Net Additions	Abandoned or impaired	Balance January 31, 2005
Rambler (note 5)	\$ 484,535	\$ 253,817	\$ (234,152)	\$ 504,200
Central Mineral Belt - Labrador	122,197	411,164	(7,197)	526,164
South Tally Pond	125,946	197,675	-	323,621
Lockport	65,707	3,425	(50)	69,082
Mustang Trend	28,049	39,399	(8,353)	59,095
Baie d'Espoir	53,236	-	-	53,236
Shamrock	42,771	-	-	42,771
Taylor Brook Labrador	30,958 -	7,766 45,364	(1,200) (17,142)	37,524 28,222
Point Leamington	27,987	-	-	27,987
Kamistaitussett	-	25,450	-	25,450
Labrador Trough	-	20,026	-	20,026
Merasheen	14,242	-	(80)	14,162
Miguel's Trend	9,659	992	-	10,651
Wade Lake	-	10,187	-	10,187
Moosehead	5,558	3,093	-	8,651
Bay du Nord	8,523	-	(460)	8,063
Victoria River	3,733	206	-	3,939
West Coast	-	2,716	-	2,716
Howell's River	-	500	-	500
Alexis River	-	500	-	500
Robert's Arm	1	-	-	1
Wild Cove	1	-	-	1
Twilight	136,296	1,004	(137,300)	-
Rocky Brook	53,224	(52,744)	(480)	-
Labrador West	49,467	(24,212)	(25,255)	-
Mishikamau	22,469	(22,469)	-	-
Flint Cove	4,639	-	(4,639)	-
Montgomery Lake	4,426	(4,426)	-	-
Martin Lake	4,189	(4,189)	-	-
Julienne Lake	2,235	(2,235)	-	-
Exploits	-	1,899	(1,899)	-
General exploration	-	12,645	(12,645)	-
Security deposits	214,250	34,020	(6,000)	242,270
	\$1,514,298	\$ 961,573	\$(456,852)	\$2,019,019

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

January 31, 2005

(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 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 January 31, 2005 and for the year ended April 30, 2004.

ALTIUS MINERALS CORPORATION
Notes to Consolidated Financial Statements
January 31, 2005
(Unaudited)

2. Investments

	January 31 2005	April 30 2004
Investment in Labrador Nickel Royalty Limited Partnership – 1,000,000 units representing a 10% interest (April 30, 2004 – 750,000 units representing a 7.5% interest), at cost	\$ 13,614,480	\$ 10,557,200
Investments, at cost (market value \$238,875; April 30, 2004 - \$102,250)	<u>163,549</u>	<u>62,167</u>
	<u><u>\$ 13,778,029</u></u>	<u><u>\$10,619,367</u></u>

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). Other costs associated with the acquisition were \$41,044. The Corporation received 250,000 Class A units from the general partner which immediately and automatically converted to 250,000 Class B units in accordance with the terms of the original agreement.

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.

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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)]	2,019,474	4,966,899
Exercise of stock options [note 3 (d)]	268,250	160,839
Pursuant to acquisition of mineral properties	<u>25,000</u>	<u>103,750</u>
	<u>26,723,654</u>	<u>\$ 21,036,743</u>

- (c) Warrants issued pursuant to a private placement in July 2003 were exercised in the nine months ended January 31, 2005, resulting in the issuance of 1,186,710 common shares at \$2.00 per share, for aggregate proceeds of \$2,373,420. Agents' warrants were exercised, resulting in the issuance of 82,764 common shares at \$2.00 per share, for aggregate proceeds of \$165,528. 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 nine months ended January 31, 2005, resulting in the issuance of 500,000 common shares at \$2.00 per share, for aggregate proceeds of \$1,000,000 and 250,000 common shares at \$3.00 per share for aggregate proceeds of \$750,000. An additional \$677,951 was reclassified from contributed surplus to share capital upon the exercise of the partnership warrants (\$622,500) and upon the exercise of the agents' warrants (\$55,451).

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3. Share capital

- (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 January 31, 2005 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
Granted	125,000	4.00
Exercised	<u>(268,250)</u>	0.58
Outstanding, January 31, 2005	<u>981,750</u>	\$ 1.96
Exercisable, January 31, 2005	<u>689,750</u>	<u>\$ 1.36</u>

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

Subsequent to January 31, 2005, 2,000 stock options were exercised resulting in the issuance of 2,000 shares at \$3.00 per share for aggregate proceeds of \$6,000.

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

January 31, 2005

(Unaudited)

3. Share capital

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

Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life of Outstanding Options	Number of Exercisable Options	Weighted Average Remaining Contractual Life of Exercisable Options
\$0.55	193,750	1.52	193,750	1.52
\$1.35	375,000	2.63	375,000	2.63
\$1.75	50,000	3.00	50,000	3.00
\$3.00	218,000	4.05	42,000	4.05
\$3.50	20,000	4.15	4,000	4.15
\$4.00	<u>125,000</u>	4.88	<u>25,000</u>	4.88
	<u>981,750</u>	3.06	<u>689,750</u>	2.52

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

January 31, 2005

(Unaudited)

3. Share capital

- (e) During the nine months ended January 31, 2005 the Company granted a total of 125,000 stock options to directors and officers (nine months ended January 31, 2004 – nil). 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 25,000 were exercisable at January 31, 2005. The fair value of the stock options granted was estimated on the date of the grant to be \$2.44 (2004 – nil) using the Black-Scholes option pricing model with the following assumptions:

Expected life (years)	5
Risk-free interest rate (%)	3.47
Expected volatility (%)	71
Expected dividend yield (%)	-

Compensation costs of \$61,000 (2004 – nil) have been expensed with a corresponding amount reflected as contributed surplus.

- (f) At January 31, 2005 the following whole warrants are outstanding with each whole warrant entitling the holder to purchase one common share:

1,691,130 whole warrants at \$2.00 per share expiring July 11, 2005; subsequent to January 31, 2005, 142,443 whole warrants were exercised, resulting in the issuance of 142,443 common shares at \$2.00 per share, for aggregate proceeds of \$284,886.

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Notes to Consolidated Financial Statements
January 31, 2005
(Unaudited)

4. Supplementary cash flow information

	Three Months Ended		Nine Months Ended	
	January 31		January 31	
	2005	2004	2005	2004
Items not involving cash:				
The acquisition of investments as partial consideration for option payments received on mineral properties	<u>\$137,500</u>	<u>\$ -</u>	<u>\$ 137,500</u>	<u>\$ 15,000</u>
The acquisition of mineral properties in exchange for common shares	<u>\$103,750</u>	<u>\$ 92,000</u>	<u>\$ 103,750</u>	<u>\$ 92,000</u>
Contributed surplus recognized upon the issuance of stock options recorded as compensation costs	<u>\$ 61,000</u>	<u>-</u>	<u>\$ 61,000</u>	<u>\$ -</u>
Contributed surplus recognized upon the issuance of stock warrants to non-employees (agents) as partial consideration for private placement share issuance costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,240</u>
Contributed surplus recognized upon the issuance of stock warrants as partial consideration for acquisition of investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,500</u>

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

January 31, 2005

(Unaudited)

5. Subsequent events

On March 4, 2005, the Company transferred its interest in the Rambler property to a newly formed wholly owned subsidiary, 51190 Newfoundland and Labrador Inc. (51190). The transfer occurred pursuant to Section 85 (1) of the Income Tax Act (Canada). The Company received 100 common shares in 51190 as consideration for the transfer at an agreed amount of \$1.

On March 7, 2005 the Company sold its 100 common shares in 51190 to Rambler Mines Limited, a company incorporated under the laws of Great Britain.

The Company received 12 million ordinary shares in Rambler Mines Limited, representing a 50% interest, as consideration for the sale at a stated amount of 2 pence sterling per share (\$571,200 Canadian dollars).

As part of the sale agreement, Rambler Mines Limited was granted a non-transferable option to purchase 100,000 common shares in the Company, at an exercise price of \$3.90 per share, expiring November 1, 2005. A condition of the stock option agreement is that if the option is exercised, the optioned shares will be issued to the third party with whom the Company, pursuant to its Rambler property option agreement, could elect to issue 100,000 common shares on November 1, 2005 as its final payment to earn its interest in the Rambler property.