



# ALTIUS MINERALS CORPORATION

*Condensed Consolidated Interim Financial Statements  
For the three months ended  
July 31, 2012 and 2011  
(Unaudited)*



# ALTIUS MINERALS CORPORATION

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# ALTIUS MINERALS CORPORATION

## Condensed Consolidated Interim Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at

	<u>Note #</u>	<b>July 31,</b> <b>2012</b> \$	April 30, 2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		<b>40,248</b>	50,374
Marketable securities		<b>121,527</b>	111,640
Accounts receivable and prepaid expenses		<b>870</b>	1,548
Income taxes receivable		<b>1,994</b>	6,801
		<b>164,639</b>	170,363
<b>Non-current assets</b>			
Exploration and evaluation assets	5	<b>2,999</b>	3,238
Royalty interest in mineral property		<b>8,932</b>	9,182
Property and equipment		<b>252</b>	256
Investments in associates	6	<b>78,525</b>	79,906
Mining and other investments	7	<b>30,205</b>	32,079
Deferred income taxes	8	<b>1,698</b>	1,539
		<b>122,611</b>	126,200
<b>TOTAL ASSETS</b>		<b>287,250</b>	296,563
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<b>2,003</b>	2,259
<b>Non-current liabilities</b>			
Other liabilities	11	<b>1,315</b>	1,481
Deferred income taxes	8	<b>9,219</b>	10,628
		<b>12,537</b>	14,368
<b>EQUITY</b>			
Shareholders' equity		<b>272,995</b>	280,204
Non-controlling interest		<b>1,718</b>	1,991
		<b>274,713</b>	282,195
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>287,250</b>	296,563

Contingent liability (Note 16)

see accompanying notes to the unaudited condensed consolidated interim financial statements



# ALTIUS MINERALS CORPORATION

## Condensed Consolidated Interim Statements of Loss

(Unaudited - In thousands of Canadian dollars, except per share amounts)

For the three months ended July 31,

	<u>Note #</u>	<u>2012</u>	<u>2011</u>
		\$	\$
<b>Revenue</b>			
Royalty		572	1,089
Interest and investment		720	1,050
Other		43	17
		<b>1,335</b>	<b>2,156</b>
<b>Expenses</b>			
General and administrative	9	1,006	861
Amortization		270	357
Generative exploration		167	215
Royalty tax		114	218
Exploration and evaluation assets abandoned or impaired	5	1	54
Share-based compensation	11	(131)	71
		<b>1,427</b>	<b>1,776</b>
(Loss) earnings before the following		(92)	380
Loss on disposal of investments	7	(1,062)	(70)
Unrealized gain (loss) on fair value adjustment of derivatives	7	129	(803)
Share of loss in associates	6	(2,417)	(1,362)
Loss before income taxes		<b>(3,442)</b>	<b>(1,855)</b>
<b>Income tax (recovery) expense</b>			
Current		796	431
Deferred		(1,169)	(554)
		<b>(373)</b>	<b>(123)</b>
<b>Net loss</b>		<b>(3,069)</b>	<b>(1,732)</b>
<b>Net loss attributable to:</b>			
Common shareholders		(2,857)	(1,588)
Non-controlling interest		(212)	(144)
		<b>(3,069)</b>	<b>(1,732)</b>
<b>Net loss per share</b>			
- basic and diluted	10	<b>(0.10)</b>	<b>(0.06)</b>

see accompanying notes to the unaudited condensed consolidated interim financial statements



# ALTIUS MINERALS CORPORATION

## Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - In thousands of Canadian dollars)

For the three months ended July 31,

	<u>2012</u>	<u>2011</u>
	\$	\$
<b>Net loss</b>	<b>(3,069)</b>	(1,732)
<b>Other comprehensive (loss) earnings, net of tax</b>		
Net unrealized loss on available-for sale investments (net of deferred income taxes recovery of \$495 (2011 - \$233))	<b>(3,071)</b>	(1,592)
Adjustment for realized losses (gains) on available-for-sale investments recognized in net earnings (net of deferred income taxes recovery of \$(96) (2011 - \$40))	<b>631</b>	(226)
<b>Total comprehensive loss</b>	<b>(5,509)</b>	(3,550)
<b>Total comprehensive loss attributable to:</b>		
Common shareholders	<b>(5,301)</b>	(3,055)
Non-controlling interest	<b>(208)</b>	(495)
	<b>(5,509)</b>	(3,550)

see accompanying notes to the unaudited condensed consolidated interim financial statements



# ALTIUS MINERALS CORPORATION

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

For the three months ended July 31,

		<u>2012</u>	<u>2011</u>
	<u>Note #</u>	\$	\$
<b>Operating activities</b>			
Net loss		(3,069)	(1,732)
Adjustments for:			
Generative exploration		167	215
Exploration and evaluation assets abandoned or impaired		1	54
Share-based compensation		(131)	71
Amortization		270	357
Loss on disposal of investments		1,062	70
Unrealized (gain) loss on fair value adjustment of derivatives		(129)	803
Share of loss in associates		2,417	1,362
Income tax recovery		(373)	(123)
Income taxes received (paid)		4,011	(8,013)
		<b>4,226</b>	<b>(6,936)</b>
Changes in non-cash operating working capital	12	421	185
		<b>4,647</b>	<b>(6,751)</b>
<b>Financing activities</b>			
Payment to non-controlling interest		(65)	(81)
Repurchase of common shares		(1,943)	(210)
		<b>(2,008)</b>	<b>(291)</b>
<b>Investing activities</b>			
Proceeds from sale of investments	7	1,080	1,478
Generative exploration		(167)	(215)
Exploration and evaluation assets, net of recoveries	5	238	(896)
Increase in marketable securities		(9,887)	-
Acquisition of investments	6 & 7	(4,013)	(1,907)
Acquisition of property and equipment		(16)	(93)
		<b>(12,765)</b>	<b>(1,633)</b>
Net decrease in cash and cash equivalents		<b>(10,126)</b>	<b>(8,675)</b>
Cash and cash equivalents, beginning of period		<b>50,374</b>	<b>64,551</b>
<b>Cash and cash equivalents, end of period</b>		<b>40,248</b>	<b>55,876</b>

Supplemental cash flow information (Note 12)

see accompanying notes to the unaudited condensed consolidated interim financial statements



# ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited - In thousands of Canadian dollars, except share amounts)

	<u>Common Shares</u>		Share-based Payment <u>Reserve</u>	Accumulated Other <u>(Loss) Earnings</u>	Retained <u>Earnings</u>	Total Shareholders' <u>Equity</u>	Non- controlling <u>interest</u>	Total <u>Equity</u>
	#	\$	\$	\$	\$	\$	\$	\$
Balance, April 30, 2011	28,815,895	75,505	4,320	4,357	206,912	291,094	3,946	295,040
Net loss and comprehensive loss, May 1, 2011 to July 31, 2011	-	-	-	(1,467)	(1,588)	(3,055)	(495)	(3,550)
Payments to non-controlling interest	-	-	-	-	-	-	(81)	(81)
Shares repurchased and cancelled	(19,400)	(51)	-	-	(158)	(209)	-	(209)
Share-based compensation	-	-	89	-	-	89	-	89
<b>Balance, July 31, 2011</b>	<b>28,796,495</b>	<b>75,454</b>	<b>4,409</b>	<b>2,890</b>	<b>205,166</b>	<b>287,919</b>	<b>3,370</b>	<b>291,289</b>
Net loss and comprehensive loss, August 1, 2011 to to April 30, 2012	-	-	-	(3,802)	(3,023)	(6,825)	(1,172)	(7,997)
Payments to non-controlling interest	-	-	-	-	-	-	(207)	(207)
Shares repurchased and cancelled	(191,533)	(506)	-	-	(1,584)	(2,090)	-	(2,090)
Share-based compensation	-	-	158	-	-	158	-	158
Shares issued under stock option plan	154,713	1,933	(891)	-	-	1,042	-	1,042
<b>Balance, April 30, 2012</b>	<b>28,759,675</b>	<b>76,881</b>	<b>3,676</b>	<b>(912)</b>	<b>200,559</b>	<b>280,204</b>	<b>1,991</b>	<b>282,195</b>
Net loss and comprehensive loss, May 1, 2012 to July 31, 2012	-	-	-	(2,444)	(2,857)	(5,301)	(208)	(5,509)
Payments to non-controlling interest	-	-	-	-	-	-	(65)	(65)
Shares repurchased under normal course issuer bid	(178,100)	(475)	-	-	(1,468)	(1,943)	-	(1,943)
Share-based compensation	-	-	35	-	-	35	-	35
Shares issued under stock option plan	753	3	(3)	-	-	-	-	-
<b>Balance, July 31, 2012</b>	<b>28,582,328</b>	<b>76,409</b>	<b>3,708</b>	<b>(3,356)</b>	<b>196,234</b>	<b>272,995</b>	<b>1,718</b>	<b>274,713</b>

see accompanying notes to the unaudited condensed consolidated interim financial statements



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
July 31, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

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## 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation's ("Altius" or the "Corporation") principal business activities include the generation and acquisition of mineral properties, royalties, and investments. The Corporation prefers to generate alliances or corporate structures related to the mineral exploration and natural resource opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

Altius Minerals Corporation is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is Suite 202, 66 Kenmount Road, St. John's, Newfoundland and Labrador, Canada A1B 3V7.

These unaudited condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on September 10, 2012.

## 2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as our most recent annual consolidated financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

## 3. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Corporation's accounting policies, basis of consolidation and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended April 30, 2012.

Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.





# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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## 4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

In addition to the standards previously listed in the annual audited consolidated financial statements, issued as of April 30, 2012, the IASB published amendments to IAS 32, Financial Instruments: Presentation on December 16, 2011, to clarify the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted.

The Corporation has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

## 5. EXPLORATION AND EVALUATION ASSETS

The Corporation acquires mineral properties through staking and from third party vendors. In addition, the Corporation sells some or a portion of its mineral properties to third parties in exchange for exploration expenditures, royalty interests, cash and share based payments.

<b>Project</b>	<b>Note</b>	<b>As at April 30, 2012</b>	<b>Additions, net of recoveries</b>	<b>Abandoned or impaired</b>	<b>As at July 31, 2012</b>
		\$	\$	\$	\$
<b>Labrador</b>					
Natashquan River - Nickel		368	5	-	373
Notakwanon River - Uranium		166	2	-	168
Julienne Lake - Iron Ore		600	133	-	733
Snelgrove Lake - Iron Ore	a	640	(223)	-	417
Alexis River & Other	b	16	4	-	20
<b>Newfoundland</b>					
Topsails - Uranium/Copper		734	4	-	738
Rocky Brook - Uranium		92	-	-	92
Moosehead - Gold		15	5	-	20
Taylor Brook - Nickel		217	-	-	217
Wing Pond - Gold		108	-	-	108
Other		-	5	(1)	4
<b>Security Deposits</b>		282	(173)	-	109
<b>Grand Total</b>		<b>3,238</b>	<b>(238)</b>	<b>(1)</b>	<b>2,999</b>



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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(Tabular amounts in thousands of Canadian dollars, except per share amounts)

## 5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Alliance/earn in agreements that were in existence at April 30, 2012 are described in greater detail in the consolidated annual financial statements for the year ended April 30, 2012. Newly formed agreements since April 30, 2012 are described below.

### *a – Snelgrove Lake*

On July 30, 2012 the Corporation announced an earn in and royalty agreement with a subsidiary of Capital Investment Partners, CIP Magnetite Limited (“CIP”) to explore the Snelgrove Lake property. Under the terms of the agreement, CIP may earn 100% of the property by investing \$6,500,000 in exploration expenditures over a three year period. The property will be held in a newly formed public entity and Altius will be entitled to 20% of the shares of the public entity upon earn-in and will also retain a 3% gross sales royalty (“GSR”) on the property.

### *b - Grenville Alliance*

On July 4, 2012 the Corporation formed an exploration alliance with Virginia Mines Limited, a Quebec based mineral exploration company, to explore for base and precious metals in the southern Labrador and Quebec North Shore region. Both companies will cost-share in early stage exploration expenditures over a multi-year exploration program to evaluate this region.

Project	As at April 30, 2011	Additions, net of recoveries	Abandoned or impaired	As at April 30, 2012
	\$	\$	\$	\$
<b>Labrador</b>				
Labrador Trough - Base Metals	-	1	(1)	-
Natashquan River - Nickel	371	1	(4)	368
Notakwanon River - Uranium	166	-	-	166
Julienne Lake - Iron Ore	81	519	-	600
Trough Iron - Iron Ore	58	(58)	-	-
Red Cross Lake South - Nickel	22	-	(22)	-
Snelgrove Lake - Iron Ore	302	338	-	640
Alexis River & Other	3	12	1	16
<b>Newfoundland</b>				
Topsails - Uranium/Copper	1,299	68	(633)	734
Rocky Brook - Uranium	92	-	-	92
Mustang Trend - Gold	28	3	(31)	-
Moosehead - Gold	12	3	-	15
Taylor Brook - Nickel	193	31	(7)	217
Wing Pond - Gold	99	9	-	108
Other	73	85	(158)	-
<b>Nunavut</b>				
Wager Bay - Gold	18	384	(402)	-
<b>Security Deposits</b>	581	(299)	-	282
<b>Grand Total</b>	<b>3,398</b>	<b>1,097</b>	<b>(1,257)</b>	<b>3,238</b>



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
July 31, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

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## 6. INVESTMENTS IN ASSOCIATES

	<u>Alderon</u>	<u>Sparkfly</u>	<u>Total</u>
	\$	\$	\$
Balance April 30, 2011	83,400	-	83,400
Reclassification from mining and other investments	-	2,529	2,529
Additions, net of disposals	-	100	100
Share of loss in associates	(6,388)	(331)	(6,719)
Dilution gain on issuance of shares by associate	518	78	596
<b>Balance April 30, 2012</b>	<b>77,530</b>	<b>2,376</b>	<b>79,906</b>
Additions, net of disposals	-	1,036	1,036
Share of loss in associates	(2,268)	(149)	(2,417)
<b>Balance July 31, 2012</b>	<b>75,262</b>	<b>3,263</b>	<b>78,525</b>
Fair Market Value:			
at April 30, 2012:	92,012	n/a	92,012
<b>At July 31, 2012:</b>	<b>74,941</b>	<b>n/a</b>	<b>74,941</b>
Percentage ownership:			
at April 30, 2012:	32.9%	22.5%	
<b>At July 31, 2012:</b>	<b>32.8%</b>	<b>24.9%</b>	

See subsequent events (note 17) for additional information on Alderon Iron Ore Corporation (“Alderon”).



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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(Tabular amounts in thousands of Canadian dollars, except per share amounts)

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## 6. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Corporation's share of loss in associates was derived from the most recent set of available financial statements of the investments. Financial highlights of the Corporation's investments in associates as at June 30, 2012 include the following:

	Alderon	Sparkfly Inc.
As at June 30, 2012:		
	\$	\$
Total assets	112,065	4,972
Total liabilities	(6,281)	(1,091)
Six months ended June 30, 2012:		
Total revenue	-	232
Comprehensive loss	(31,923)	(1,132)

A subsidiary of the Corporation, 2260761 Ontario Incorporated ("2260761"), holds a 24.9% interest in Sparkfly Inc., a private Georgia corporation that operates an innovative promotions and rewards platform integrated with retail point of sale systems.



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
July 31, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

## 7. MINING AND OTHER INVESTMENTS

	<u>Investments</u>	<u>Share Purchase</u> <u>Warrants</u>	<u>Total</u>
	\$	\$	\$
Balance, April 30, 2011	23,595	2,169	25,764
Additions	19,094	860	19,954
Receipt in exchange for interest in mineral properties	4,438	-	4,438
Reclassification to available for sale investments	382	(382)	-
Reclassification to investment in associates	(2,529)	-	(2,529)
Disposals	(5,535)	(479)	(6,014)
Revaluation	(7,640)	(1,894)	(9,534)
<b>Balance, April 30, 2012</b>	<b>31,805</b>	<b>274</b>	<b>32,079</b>
Additions	2,972	5	2,977
Disposals	(2,085)	(57)	(2,142)
Revaluation	(2,838)	129	(2,709)
<b>Balance, July 31, 2012</b>	<b>29,854</b>	<b>351</b>	<b>30,205</b>

The Corporation holds investments in other publicly traded and privately owned entities participating primarily in the resource sector, either through direct investment or in exchange for an interest in the Corporation's mineral properties. These investments are classified as available-for-sale. The fair value is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange. The Corporation holds investments in private companies that may become publicly traded in the future pending a public listing. Because there is no readily available market value and the range of possible values is high, the Corporation carries these investments at their original cost until more information becomes available. As at July 31, 2012, the Corporation had investments in privately held companies with a carrying value of \$1,023,000 (April 30, 2012 – \$1,023,000).

The share purchase warrants are considered derivative financial instruments for accounting purposes, and any change in fair value is included in net earnings for the period. The fair value of the share purchase warrants is estimated using the Black-Scholes option pricing model, which uses inputs other than quoted market prices to determine the estimated fair market value.

The Corporation sold investments at a carrying value of \$2,142,000 for gross proceeds of \$1,080,000 and recognized a loss on disposal of \$1,062,000 during the three months ended July 31, 2012. The Corporation sold investments at a carrying value of \$1,549,000 for gross proceeds of \$1,479,000 and recognized a loss on disposal of \$70,000 during the three months ended July 31, 2011.



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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(Tabular amounts in thousands of Canadian dollars, except per share amounts)

## 8. INCOME TAXES

Significant components of the deferred income tax liability are as follows:

	<b>July 31, 2012</b>	April 30,
	<u>2012</u>	<u>2012</u>
	\$	\$
Temporary differences related to exploration and evaluation assets	(113)	(148)
Tax values of property and equipment and royalty interests in mineral properties in excess of carrying values	614	568
Non capital and net capital loss carryforwards	832	668
Carrying value of investments in excess of tax values	(9,633)	(10,336)
Deferred partnership income	-	(640)
Deferred and deductible share-based compensation	780	828
Other	(1)	(29)
	<u>(7,521)</u>	<u>(9,089)</u>

## 9. GENERAL AND ADMINISTRATIVE

	<b>Three Months ended July 31,</b>	
	<u>2012</u>	<u>2011</u>
	\$	\$
Salaries and benefits	455	394
Office and administrative	304	225
Professional and consulting fees	172	167
Travel and accommodations	75	75
	<u>1,006</u>	<u>861</u>



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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(Tabular amounts in thousands of Canadian dollars, except per share amounts)

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## 10. NET (LOSS) EARNINGS PER SHARE

Basic net (loss) earnings per share was calculated using the weighted average number of common shares for the respective periods. The diluted net (loss) earnings per share was calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options. For loss periods, the diluted net loss per share was calculated using the weighted average number of common shares outstanding for the respective periods without giving effect to dilutive stock options since their inclusion would be anti-dilutive.

	<b>Three months ended</b>	
	<b>July 31,</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>
Weighted average number of shares:		
Basic and diluted	<b>28,706,500</b>	28,806,435

## 11. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	<b>Three months ended</b>	
	<b>July 31,</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Stock option expense	<b>35</b>	89
Share appreciation rights ("SAR") (recovery) expense	<b>(140)</b>	9
Directors' deferred share unit ("DSU") (recovery) expense	<b>(26)</b>	(27)
	<b><u>(131)</u></b>	<u>71</u>



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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(Tabular amounts in thousands of Canadian dollars, except per share amounts)

## 11. SHARE-BASED COMPENSATION (CONTINUED)

### Stock Option Plan

A summary of the status of the Corporation's stock option plan as of July 31, 2012 is as follows:

Range	Total Options Outstanding			Total Exercisable Options		
	Outstanding Options #	Average Remaining Contractual Life Years	Weighted Average Strike Price \$	Vested Options #	Average Remaining Contractual Life Years	Weighted Average Strike Price \$
\$5.60	257,000	1.2	5.60	199,000	1.2	5.60
\$7.00	285,000	2.2	7.00	167,000	2.2	7.00
10.13	10,000	2.8	10.13	6,000	2.8	10.13
\$28.00	155,000	0.3	28.00	155,000	0.3	28.00
Total	707,000	1.5	11.14	527,000	1.3	12.68

The following table summarizes information about stock options outstanding and exercisable at the dates noted::

	July 31, 2012		April 30, 2012	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding, beginning of period	728,500	11.18	963,000	10.43
Exercised	(1,500)	5.60	(234,500)	8.12
Forfeited	(20,000)	13.04	-	-
Outstanding, end of period	707,000	11.14	728,500	11.18
Exercisable, end of period	527,000	12.68	546,500	12.69





# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements

July 31, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

## 11. SHARE-BASED COMPENSATION (CONTINUED)

A summary of the status of the Corporation's share appreciation rights as of July 31, 2012 and changes during the period then ended is as follows:

	Number of SARs	Reference Price
Balance, April 30, 2011	700,000	10.82
Granted	-	-
Vested	-	-
Balance, April 30, 2012	700,000	10.82
Granted	-	-
Vested	-	-
<b>Balance, July 31, 2012</b>	<b>700,000</b>	<b>10.82</b>

A summary of the status of the Corporation's deferred share units as of July 31, 2012 and changes during the period then ended is as follows:

	Number of DSUs
Balance, April 30, 2011	18,484
Awarded	24,568
Redeemed	-
Balance, April 30, 2012	43,052
Awarded	-
Redeemed	-
<b>Balance, July 31, 2012</b>	<b>43,052</b>



# ALTIUS MINERALS CORPORATION

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## 11. SHARE-BASED COMPENSATION (CONTINUED)

### Other Liabilities

Other liabilities consist of the following:

	<u>July 31,</u> <u>2012</u>	<u>April 30,</u> <u>2012</u>
	\$	\$
DSUs	493	518
SARs	822	963
	<u>1,315</u>	<u>1,481</u>

## 12. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>July 31,</u>	
	<u>2012</u>	<u>2011</u>
	\$	\$
<b>Changes in non-cash operating working capital:</b>		
Accounts receivable and prepaid expenses	678	48
Accounts payable and accrued liabilities	(257)	137
	<u>421</u>	<u>185</u>
	<u>2012</u>	<u>2011</u>
	\$	\$
<b>Cash and cash equivalents consist of:</b>		
Deposits with banks	7,746	7,582
Short-term investments	32,502	48,294
	<u>40,248</u>	<u>55,876</u>



# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
July 31, 2012 and 2011

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## 13. RELATED PARTY TRANSACTIONS

	<b>Three months ended</b>	
	<b>July 31,</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Legal services received from a partnership, one of the partners of which is a director of the Corporation and reflected as:		
General and administrative expenses	<b>18</b>	6
	<b>18</b>	6

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Compensation for key management personnel and directors is as follows:

	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Salaries and benefits	<b>313</b>	484
Share-based compensation	<b>26</b>	289
	<b>339</b>	773

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These 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.

Accounts receivable and prepaid expenses include a net receivable from Newfoundland and Labrador Refining Corporation ("NLRC") of \$145 after adjusting for an allowance for doubtful accounts of \$6,400 (2011 - \$200 after adjusting for an allowance for doubtful accounts of \$6,400).



# ALTIUS MINERALS CORPORATION

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## 14. SEGMENTED INFORMATION

The Corporation operates two reportable segments of exploration and investments/royalty acquisition. Corporate operating costs are not allocated to the segments and are presented separately. Intersegment transactions are not significant and are eliminated upon consolidation. These segments reflect the legal and internal reporting structure of the Corporation. The Corporation's key decision makers assess performance and make resource allocation decisions based on consolidated net earnings (loss) before taxes and non-controlling interest. The Corporation operates in one geographic segment of Canada.

### Three Months ended July 31, 2012

	<u>Royalty and Investment</u>	<u>Exploration</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
<b>Revenue</b>				
Royalty	572	-	-	572
Interest and investment income	685	8	27	720
Other	-	43	-	43
	<u>1,257</u>	<u>51</u>	<u>27</u>	<u>1,335</u>
Loss before income taxes	(2,575)	(543)	(324)	(3,442)
Income tax recovery				(373)
Net loss				<u>(3,069)</u>

### Three Months ended July 31, 2011

	<u>Royalty and Investment</u>	<u>Exploration</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
<b>Revenue</b>				
Royalty	1,089	-	-	1,089
Interest and investment income	1,028	8	14	1,050
Other	-	17	-	17
	<u>2,117</u>	<u>25</u>	<u>14</u>	<u>2,156</u>
Loss before income taxes	(730)	(471)	(654)	(1,855)
Income tax recovery				(123)
Net loss				<u>(1,732)</u>



# ALTIUS MINERALS CORPORATION

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## 14. SEGMENTED INFORMATION (CONTINUED)

Total assets:

	<u>Royalty and Investment</u>	<u>Exploration</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
April 30, 2012	270,525	13,294	12,744	296,563
<b>July 31, 2012</b>	<b>262,601</b>	<b>11,375</b>	<b>13,274</b>	<b>287,250</b>

## 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's exposure to and management of risks associated with financial assets and financial liabilities is consistent with those reported in the April 30<sup>th</sup> 2012 consolidated financial statements.

The Corporation applied the same fair value hierarchy as reported in April 30<sup>th</sup> 2012 consolidated financial statements. Fair value of the Corporation's financial assets and financial liabilities was determined as follows:

**As at July 31, 2012:**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>TOTAL</u>
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Short-term investments in cash equivalents	<b>32,502</b>	-	-	<b>32,502</b>
Marketable securities	<b>121,527</b>	-	-	<b>121,527</b>
Mining and other investments	<b>28,831</b>	<b>351</b>	-	<b>29,182</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>182,860</b>	<b>351</b>	-	<b>183,211</b>

<b>FINANCIAL LIABILITIES</b>	<b>493</b>	<b>822</b>	-	<b>1,315</b>
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As at April 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>TOTAL</u>
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Short-term investments in cash equivalents	42,628	-	-	42,628
Marketable securities	111,640	-	-	111,640
Mining and other investments	30,782	274	-	31,056
<b>TOTAL FINANCIAL ASSETS</b>	<b>185,050</b>	<b>274</b>	-	<b>185,324</b>

<b>FINANCIAL LIABILITIES</b>	<b>518</b>	<b>963</b>	-	<b>1,481</b>
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# ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements  
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(Tabular amounts in thousands of Canadian dollars, except per share amounts)

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## 16. CONTINGENT LIABILITY

The Corporation was served with a statement of claim issued by BAE-Newplan Group Ltd (“BAE”), a wholly owned subsidiary of SNC-Lavalin Inc., in the Supreme Court of Newfoundland and Labrador on October 1, 2008. In the statement of claim, BAE claims damages, including punitive and exemplary damages, interest and costs against the Corporation and others. In particular, BAE claims \$20,594,000, which is the amount of billing alleged as outstanding from NLRC to BAE for engineering services.

The Corporation believes this claim is without merit and no provision has been recognized for this claim. The Corporation’s defense of the claim is ongoing and a date has not yet been set for the trial of the matter.

## 17. SUBSEQUENT EVENTS

Subsequent to the quarter-end Alderon amended its offtake and financing agreement with Hebei Iron and Steel Group Co. Ltd. (“Hebei”). The total consideration from the agreement was amended to \$182.2 million from \$194 million to reflect the change in the market conditions. On September 4, 2012, Hebei made the first payment to Alderon of \$62.3 million to acquire 19.9% of the common shares of Alderon. Concurrently, Liberty Metals and Mining made an additional investment in Alderon of \$9.2 million through a private placement of 3,816,181 shares to maintain its ownership percentage in Alderon at 14.5%. Altius’ percentage ownership in Alderon after these transactions was reduced from 32.8% to 24.8%.

Under the terms of the agreement Hebei will also acquire a 25% direct Kami project interest at a total cost of \$119.9 million upon completion of the feasibility study that meets certain parameters. Hebei will also enter into an offtake agreement to acquire 60% of the first 8 million tonnes of concentrate produced from the mine at near-spot market prices. Hebei will also contribute its share of development costs of the Kami project as a 25% owner and will assist in securing project debt on a “best efforts” basis. Alderon intends to use the proceeds received from these transactions to continue its development of the Kami project and for general corporate purposes.