



ALTIUS MINERALS CORPORATION

*Condensed Consolidated Interim Financial Statements
For the three and six months ended
October 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

		October 31,	April 30,
	Note #	2012	2012
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		40,220	50,374
Marketable securities		117,697	111,640
Accounts receivable and prepaid expenses		1,526	1,548
Income taxes receivable		2,694	6,801
		162,137	170,363
Non-current assets			
Exploration and evaluation assets	5	3,389	3,238
Royalty interest in mineral property		8,634	9,182
Property and equipment		226	256
Investments in associates	6	76,721	79,906
Mining and other investments	7	32,760	32,079
Deferred income taxes	8	1,753	1,539
		123,483	126,200
TOTAL ASSETS		285,620	296,563
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,966	2,259
Income taxes payable		323	-
		2,289	2,259
Non-current liabilities			
Other liabilities	11	1,103	1,481
Deferred income taxes	8	9,402	10,628
		12,794	14,368
EQUITY			
Shareholders' equity		270,254	280,204
Non-controlling interest		2,572	1,991
		272,826	282,195
TOTAL LIABILITIES AND EQUITY		285,620	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)

	Note #	Three months ended		Six months ended	
		October 31,		October 31,	
		2012	2011	2012	2011
		\$	\$	\$	\$
Revenue					
Royalty		879	723	1,451	1,812
Interest and investment		635	785	1,355	1,835
Other		66	127	109	144
		1,580	1,635	2,915	3,791
Expenses					
General and administrative	9	972	953	1,978	1,814
Amortization		316	194	586	551
Generative exploration		188	177	355	392
Royalty tax		176	144	290	362
Exploration and evaluation assets abandoned or impaired	5	-	1,055	1	1,109
Share-based compensation	11	(182)	268	(313)	339
		1,470	2,791	2,897	4,567
Earnings (loss) before the following		110	(1,156)	18	(776)
Gain (loss) on disposal of investments	7	690	(285)	(372)	(355)
Unrealized gain (loss) on fair value adjustment of derivatives	7	55	(474)	184	(1,277)
Dilution gain on issuance of shares by associate	6	1,738	-	1,738	-
Share of loss in associates	6	(5,343)	(1,835)	(7,760)	(3,197)
Loss before income taxes		(2,750)	(3,750)	(6,192)	(5,605)
Income tax (recovery) expense					
Current		(43)	342	753	773
Deferred		(345)	(1,182)	(1,514)	(1,736)
		(388)	(840)	(761)	(963)
Net loss		(2,362)	(2,910)	(5,431)	(4,642)
Net loss attributable to:					
Common shareholders		(2,885)	(2,868)	(5,742)	(4,456)
Non-controlling interest		523	(42)	311	(186)
		(2,362)	(2,910)	(5,431)	(4,642)
Net loss per share					
- basic and diluted	10	(0.08)	(0.10)	(0.19)	(0.16)

see accompanying notes to the unaudited condensed consolidated interim financial statements



ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Earnings (Loss)

(Unaudited - In thousands of Canadian dollars)

	Three months ended October 31,		Six months ended October 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$	\$	\$	\$
Net loss	(2,362)	(2,910)	(5,431)	(4,642)
Other comprehensive (loss) earnings, net of tax				
Net unrealized loss on available-for sale investments (net of deferred income taxes recovery of \$(212) (2011 - \$718))	4,637	(3,229)	1,566	(4,819)
Adjustment for realized losses (gains) on available-for-sale investments recognized in net earnings (net of deferred income taxes recovery of \$138 (2011 - \$45))	(1,537)	(35)	(906)	(261)
Total comprehensive earnings (loss)	738	(6,174)	(4,771)	(9,722)
Total comprehensive earnings (loss) attributable to:				
Common shareholders	(175)	(5,416)	(5,476)	(8,470)
Non-controlling interest	913	(758)	705	(1,252)
	738	(6,174)	(4,771)	(9,722)

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)

	Note #	For the six months ended October 31,	
		2012	2011
		\$	\$
Operating activities			
Net loss		(5,431)	(4,642)
Adjustments for:			
Generative exploration		355	392
Exploration and evaluation assets abandoned or impaired		1	1,109
Share-based compensation		(313)	339
Amortization		586	551
Loss on disposal of investments		372	355
Unrealized (gain) loss on fair value adjustment of derivatives		(184)	1,277
Share of loss in associates		7,760	3,197
Dilution gain on issuance of shares by associates		(1,738)	-
Income tax recovery		(761)	(963)
Income taxes received (paid)		3,677	(8,666)
		4,324	(7,051)
Changes in non-cash operating working capital	12	(272)	(1,121)
		4,052	(8,172)
Financing activities			
Payment to non-controlling interest		(124)	(155)
Repurchase of common shares		(4,539)	(695)
Proceeds from exercise of stock options		-	835
		(4,663)	(15)
Investing activities			
Proceeds from sale of investments	7	3,832	2,466
Generative exploration		(355)	(392)
Exploration and evaluation assets, net of recoveries	5	(152)	(1,033)
(Increase) decrease in marketable securities		(6,057)	2,498
Acquisition of investments	6 & 7	(6,803)	(6,745)
Acquisition of property and equipment		(8)	(112)
		(9,543)	(3,318)
Net decrease in cash and cash equivalents		(10,154)	(11,505)
Cash and cash equivalents, beginning of period		50,374	64,551
Cash and cash equivalents, end of period		40,220	53,046

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>		<u>Treasury Shares</u>		<u>Share-based Payment Reserve</u>	<u>Accumulated Other Comprehensive (Loss) Earnings</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>	<u>Non- controlling interest</u>	<u>Total 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 October 31, 2011	-	-	-	-	-	(4,014)	(4,456)	(8,470)	(1,252)	(9,722)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(155)	(155)
Shares repurchased and cancelled	(55,233)	(145)	(9,000)	(100)	-	-	(450)	(695)	-	(695)
Share-based compensation	-	-	-	-	170	-	-	170	-	170
Shares issued under stock option plan	105,000	1,120	-	-	(285)	-	-	835	-	835
Balance, October 31, 2011	28,865,662	76,480	(9,000)	(100)	4,205	343	202,006	282,934	2,539	285,473
Net loss and comprehensive loss, November 1, 2011 to to April 30, 2012	-	-	-	-	-	(1,255)	(155)	(1,410)	(415)	(1,825)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(133)	(133)
Shares repurchased and cancelled	(155,700)	(412)	9,000	100	-	-	(1,292)	(1,604)	-	(1,604)
Share-based compensation	-	-	-	-	77	-	-	77	-	77
Shares issued under stock option plan	49,713	813	-	-	(606)	-	-	207	-	207
Balance, April 30, 2012	28,759,675	76,881	-	-	3,676	(912)	200,559	280,204	1,991	282,195
Net earnings (loss) and comprehensive loss, May 1, 2012 to October 31, 2012	-	-	-	-	-	266	(5,742)	(5,476)	705	(4,771)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(124)	(124)
Shares repurchased under normal course issuer bid	(418,164)	(1,117)	-	-	-	-	(3,422)	(4,539)	-	(4,539)
Share-based compensation	-	-	-	-	64	-	-	64	-	64
Shares issued under stock option plan	753	4	-	-	(3)	-	-	1	-	1
Balance, October 31, 2012	28,342,264	75,768	-	-	3,737	(646)	191,395	270,254	2,572	272,826

see accompanying notes to the unaudited condensed consolidated financial statements



ALTIUS MINERALS CORPORATION

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

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

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 December 11, 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 consolidated 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 consolidated 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.



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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.

Project	Note	As at April 30, 2012	Additions, net of recoveries	Abandoned or impaired	As at October 31, 2012
		\$	\$	\$	\$
Labrador					
Natashquan River - Nickel		368	139	-	507
Notakwanon River - Uranium		166	62	-	228
Julienne Lake - Iron Ore		600	245	-	845
Snelgrove Lake - Iron Ore	a	640	(320)	-	320
Alexis River & Other - Uranium/Nickel	b	16	13	-	29
Newfoundland					
Topsails - Uranium/Copper		734	9	-	743
Rocky Brook - Uranium		92	-	-	92
Moosehead - Gold		15	5	-	20
Taylor Brook - Nickel		217	22	-	239
Wing Pond - Gold		108	2	-	110
Other		-	12	(1)	11
Quebec					
Grand Portage - Nickel/Copper		-	139	-	139
Security Deposits		282	(176)	-	106
Grand Total		3,238	152	(1)	3,389



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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
	\$	\$	\$	\$
Labrador				
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
Newfoundland				
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)	-
Nunavut				
Wager Bay - Gold	18	384	(402)	-
Security Deposits	581	(299)	-	282
Grand Total	3,398	1,097	(1,257)	3,238



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

6. INVESTMENTS IN ASSOCIATES

	<u>Alderon</u>	<u>Sparkfly</u>	<u>Synodon</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
Balance April 30, 2012	77,530	2,376	-	79,906
Reclassification from mining and other investments	-	-	1,800	1,800
Additions, net of disposals	-	1,037	-	1,037
Share of loss in associates	(7,406)	(283)	(71)	(7,760)
Dilution gain on issuance of shares by associate	1,738	-	-	1,738
Balance October 31, 2012	71,862	3,130	1,729	76,721
Fair Market Value:				
at April 30, 2012:	92,012	n/a	-	92,012
At October 31, 2012:	49,261	n/a	1,751	51,012
Percentage ownership:				
at April 30, 2012:	32.9%	22.5%	-	
At October 31, 2012:	25.3%	24.9%	21.4%	



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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 include the following:

As at:	<u>September 30, 2012</u>		<u>July 31, 2012</u>
	Alderon	Sparkfly Inc.	Synodon
	\$	\$	\$
Total assets	161,814	4,404	457
Total liabilities	(9,688)	(993)	(1,002)
Six months ended:	<u>September 30, 2012</u>		<u>July 31, 2012</u>
Total revenue	-	364	203
Comprehensive loss	(57,898)	(1,660)	(1,047)

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.

2260761, also, holds a 21.4% interest in Synodon Inc. ("Synodon"). Synodon is a technology company which has developed an advanced airborne remote gas sensing system called *realSens*, based on technologies developed under the Canadian Space Program and by Synodon scientists.



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)

7. MINING AND OTHER INVESTMENTS

	Share Purchase		Total
	Investments	Warrants	
	\$	\$	\$
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)
Balance, April 30, 2012	31,805	274	32,079
Additions	5,691	75	5,766
Reclassification to available - for - sale investments	32	(32)	-
Reclassification to investment in associates	(1,637)	(163)	(1,800)
Disposals	(4,074)	(130)	(4,204)
Revaluation	735	184	919
Balance, October 31, 2012	32,552	208	32,760

The Corporation holds investments in other publicly listed 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 of the publicly traded entity 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 October 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 \$4,204,000 for gross proceeds of \$3,832,000 and recognized a loss on disposal of \$372,000 during the six months ended October 31, 2012. The Corporation sold investments at a carrying value of \$2,821,000 for gross proceeds of \$2,466,000 and recognized a loss on disposal of \$355,000 during the six months ended October 31, 2011.

The Corporation sold other mining and mineral related investments at a carrying value of \$2,062,000 (2011 - \$1,272,000) for gross proceeds of \$2,752,000 (2011 - \$987,000) and recognized a gain on disposal of \$690,000 (2011 – loss on disposal of \$285,000) during the three months ended October 31, 2012.



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:

	October 31, <u>2012</u> \$	April 30, <u>2012</u> \$
Temporary differences related to exploration and evaluation assets	(58)	(148)
Tax values of property and equipment and royalty interests in mineral properties in excess of carrying values	653	568
Non capital and net capital loss carryforwards	1,006	668
Carrying value of investments in excess of tax values	(9,780)	(10,336)
Deferred partnership income	(186)	(640)
Deferred and deductible share-based compensation	719	828
Other	(3)	(29)
	<u>(7,649)</u>	<u>(9,089)</u>

9. GENERAL AND ADMINISTRATIVE

	Three months ended October 31,		Six Months ended October 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$	\$	\$	\$
Salaries and benefits	401	403	856	797
Office and administrative	245	209	543	439
Professional and consulting fees	248	239	423	406
Travel and accommodations	78	102	156	172
	<u>972</u>	<u>953</u>	<u>1,978</u>	<u>1,814</u>



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

10. NET LOSS PER SHARE

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

	Three months ended October 31,		Six months ended October 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Weighted average number of shares:				
Basic and diluted	28,506,341	28,837,035	28,606,421	28,821,736

11. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	Three months ended October 31,		Six months end October 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$		\$	\$
Stock option expense	29	82	64	171
Share appreciation rights ("SAR") (recovery) expense	(286)	18	(426)	142
Directors' deferred share unit ("DSU") expense	75	168	49	26
	(182)	268	(313)	339



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 October 31, 2012 is as follows:

Range	Total Options Outstanding			Total Exercisable Options		
	Outstanding Options #	Average Remaining Contractual Life	Weighted Average Strike Price \$	Vested Options #	Average Remaining Contractual Life	Weighted Average Strike Price \$
		Years			Years	
\$5.60	257,000	1.0	5.60	257,000	1.0	5.60
\$7.00	285,000	2.0	7.00	226,000	2.0	7.00
10.13	10,000	2.5	10.13	6,000	2.5	10.13
\$28.00	155,000	0.1	28.00	155,000	0.1	28.00
Total	707,000	1.2	11.14	644,000	1.1	11.52

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

	October 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	644,000	11.52	546,500	12.69



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11. SHARE-BASED COMPENSATION (CONTINUED)

A summary of the status of the Corporation's share appreciation rights as of October 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	-	-
Balance, October 31, 2012	700,000	10.82

A summary of the status of the Corporation's deferred share units as of October 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	23,450
Redeemed	-
Balance, October 31, 2012	66,502



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

11. SHARE-BASED COMPENSATION (CONTINUED)

Other Liabilities

Other liabilities consist of the following:

	<u>October 31,</u> <u>2012</u>	April 30,
	\$	2012
		\$
DSUs	567	518
SARs	536	963
	<u>1,103</u>	<u>1,481</u>

12. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>October 31,</u> <u>2012</u>	<u>2011</u>
	\$	\$
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	22	(710)
Accounts payable and accrued liabilities	(294)	(411)
	<u>(272)</u>	<u>(1,121)</u>
	<u>2012</u>	<u>2011</u>
	\$	\$
Cash and cash equivalents consist of:		
Deposits with banks	7,840	9,545
Short-term investments	32,380	43,501
	<u>40,220</u>	<u>53,046</u>



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13. RELATED PARTY TRANSACTIONS

	Three months ended		Six months ended	
	October 31,		October 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$	\$	\$	\$
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	10	15	28	21
	10	15	28	21

Compensation for key management personnel and directors is as follows:

	Three months ended		Six months ended	
	October 31,		October 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$	\$	\$	\$
Salaries and benefits	280	283	593	540
Share-based compensation	21	45	47	93
	301	328	640	633

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).



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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.

Six months ended October 31, 2012

	<u>Royalty and</u> <u>Investment</u>	<u>Exploration</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
Revenue				
Royalty	1,451	-	-	1,451
Interest and investment income	1,286	16	53	1,355
Other	-	109	-	109
	<u>2,737</u>	<u>125</u>	<u>53</u>	<u>2,915</u>
Loss before income taxes	<u>(4,654)</u>	<u>(938)</u>	<u>(600)</u>	<u>(6,192)</u>
Income tax recovery				<u>(761)</u>
Net loss				<u>(5,431)</u>

Three months ended October 31, 2012

	<u>Royalty and</u> <u>Investment</u>	<u>Exploration</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
Revenue				
Royalty	879	-	-	879
Interest and investment income	601	8	26	635
Other	-	66	-	66
	<u>1,480</u>	<u>74</u>	<u>26</u>	<u>1,580</u>
Loss before income taxes	<u>(2,079)</u>	<u>(395)</u>	<u>(276)</u>	<u>(2,750)</u>
Income tax recovery				<u>(388)</u>
Net loss				<u>(2,362)</u>



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14. SEGMENTED INFORMATION (CONTINUED)

Six Months ended October 31, 2011

	Royalty and Investment	Exploration	Corporate	Total
	\$	\$	\$	\$
Revenue				
Royalty	1,812	-	-	1,812
Interest and investment income	1,793	16	26	1,835
Other	-	134	10	144
	<u>3,605</u>	<u>150</u>	<u>36</u>	<u>3,791</u>
Loss before income taxes	(2,218)	(1,981)	(1,406)	(5,605)
Income tax recovery				(963)
Net loss				<u>(4,642)</u>

Three months ended October 31, 2011

	Royalty and Investment	Exploration	Corporate	Total
	\$	\$	\$	\$
Revenue				
Royalty	723	-	-	723
Interest and investment income	765	8	12	785
Other	-	117	10	127
	<u>1,488</u>	<u>125</u>	<u>22</u>	<u>1,635</u>
Loss before income taxes	(1,488)	(1,510)	(752)	(3,750)
Income tax recovery				(840)
Net loss				<u>(2,910)</u>



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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
October 31, 2012	264,083	12,323	9,214	285,620

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 30th 2012 consolidated financial statements.

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

As at October 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>TOTAL</u>
	\$	\$	\$	\$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	32,380	-	-	32,380
Marketable securities	117,697	-	-	117,697
Mining and other investments	31,529	208	-	31,737
TOTAL FINANCIAL ASSETS	181,606	208	-	181,814

FINANCIAL LIABILITIES	567	536	-	1,103
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As at April 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>TOTAL</u>
	\$	\$	\$	\$
FINANCIAL ASSETS				
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
TOTAL FINANCIAL ASSETS	185,050	274	-	185,324

FINANCIAL LIABILITIES	518	963	-	1,481
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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

On November 12, 2012, the Corporation invested \$491,600 in C. Fondo de Inversión Privado Mining Equity (“Mining Equity”), a private investment fund established to conduct early stage prospect generation and mineral exploration activities in Chile. In exchange for its investment, the Corporation received a 49% interest in the newly formed entity. The Corporation will be responsible for all technical matters pertaining to the venture and will be responsible for the structuring of third party agreements. Additional investments of approximately \$3,000,000 may be contributed by the Corporation over the next 4 years to maintain the 49% ownership interest.