Altius Minerals Corporation

Consolidated Financial Statements

April 30, 1999 and 1998

COLLINS BARROW
Chartered Accountants

1400 First Alberta Place
777 – 8th Avenue S.W.
Calgary, Canada T2P 3R5
Telephone: (403) 298-1500
Fax: (403) 298-5814

Auditors' Report

To the Shareholders
Altius Minerals Corporation

We have audited the consolidated balance sheets of Altius Minerals Corporation as at April 30, 1999 and 1998 and the consolidated statements of loss and deficit and cash flow for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 1999 and 1998 and the results of its operations and changes in cash flow for the years then ended in accordance with generally accepted accounting principles.

(Original signed by Collins Barrow)

CHARTERED ACCOUNTANTS

Calgary, Alberta
July 15, 1999

Altius Minerals Corporation

(Incorporated under the laws of Alberta)

Consolidated Balance Sheets

April 30, 1999 and 1998

	1999	1998
Assets		
Current assets		
Cash and short-term deposits	$327,286	$229,425
Accounts receivable	13,097	-
Prepaid expenses	7,536	3,981
	347,919	233,406
Mineral properties and deferred exploration costs (note 4)	275,579	140,655
Capital assets (note 5)	8,054	6,980
	$631,552	$381,041
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$26,208	$28,155
Due to shareholders (note 6)	-	21,114
Deferred income taxes	15,683	17,543
	41,891	66,812
Shareholders' Equity		
Share capital (note 7)	944,363	400,464
Deficit	(354,702)	(86,235)
	589,661	314,229
	$631,552	$381,041

Approved by the Board,

___"Brian Dalton"___________________, Director

___"John Baker"____________________, Director

Altius Minerals Corporation

Consolidated Statements of Loss and Deficit

Years Ended April 30, 1999 and 1998

	1999	1998
Interest income	$5,842	$2,370
Expenses		
General and administrative	210,787	73,613
Costs of mineral properties abandoned	110,031	660
Amortization	2,783	2,056
	323,601	76,329
Loss before income taxes	(317,759)	(73,959)
Income taxes - deferred (recovery) (note 9[a])	(49,292)	(4,017)
Net loss	(268,467)	(69,942)
Deficit, beginning of year	(86,235)	(16,293)
Deficit, end of year	$(354,702)	$(86,235)
Net loss per share (note 7[f])	$ (0.03)	$ (0.02)

Altius Minerals Corporation
Consolidated Statements of Cash Flow
Years Ended April 30, 1999 and 1998

	1999	1998
Operating activities		
Net loss	$(268,467)	$(69,942)
Items not affecting cash		
Costs of mineral properties abandoned	110,031	660
Amortization	2,783	2,056
Income taxes - deferred (recovery)	(49,292)	(4,017)
	(204,945)	(71,243)
Change in non-cash working capital balances related to operating activities	(18,599)	20,794
	(223,544)	(50,449)
Financing activities		
Repayment of advances from shareholders	(21,114)	(8,699)
Proceeds from issuance of shares, net of issuance costs	591,331	407,877
Change in non-cash working capital balances related to financing activities	-	(20,000)
	570,217	379,178
Investing activities		
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(244,955)	(95,088)
Acquisition of capital assets	(3,857)	(9,036)
	(248,812)	(104,124)
Cash inflow	97,861	224,605
Cash and short-term deposits, beginning of year	229,425	4,820
Cash and short-term deposits, end of year	$327,286	$229,425

1. Nature of operations

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

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

2. Business combination

During the year ended April 30, 1998, pursuant to Alberta Securities Commission Rule 46-501, the Corporation completed its Major Transaction by acquiring all of the issued and outstanding shares of Altius Resources Inc. ("Resources"). The transaction was a non-arm's length transaction as certain officers and directors of the Corporation were officers, directors and majority shareholders of Resources. The Corporation issued 4,020,000 common shares of the Corporation at a deemed value of $0.20 per share for a deemed aggregate purchase price of $804,000. Subsequent to the issuance of the common shares, the former shareholders of Resources held 56.1% of the issued and outstanding common shares of the Corporation. As a result, the business combination has been accounted for as a reverse takeover using the purchase method with Resources being the acquiring company.

In accordance with reverse takeover accounting, these consolidated financial statements are a continuation of Resources. The capital structure (authorized and issued common shares) is that of the Corporation and the stated values of share capital are those of Resources. The results of the Corporation have been included in the consolidated statement of loss and deficit of Resources commencing March 4, 1998, the closing date of the Major Transaction.

The purchase price was allocated as follows:

Cash and short-term deposits	$303,588
Prepaid expenses	1,963
Capital assets	7,655
Accounts payable and accrued liabilities	(18,604)
	294,602
Cost of major transaction	46,123
Allocated to share capital (note 7[b] - 3,150,000 common shares)	$340,725

3. Significant accounting policies

The consolidated financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for the year necessarily involves the use of estimates and approximations which have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(1) Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, Altius Resources Inc.

(2) Mineral properties and deferred exploration costs

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

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

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

The accumulated costs of mineral properties and deferred exploration costs that are developed to the stage of commercial production will be amortized to operations through unit of production depletion based on proven and probable reserves.

(3) Capital assets

Capital assets are recorded at cost. Amortization is provided using the following methods and annual rates:

Office equipment	20% declining balance
Computer equipment	30% declining balance
Computer software	100% declining balance

(4) Flow-through shares

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

Share capital is reduced with a corresponding credit to deferred income taxes by the estimated cost of the renounced tax deductions when the expenditures have been incurred and are renounced.

(5) Income taxes

Income taxes are accounted for using the deferral method of income tax allocation. Under this method, the income tax provision is based on accounting income computed at current income tax rates without subsequent adjustments to reflect changes in income tax rates.

(6) Measurement uncertainty

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

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

4. Mineral properties and deferred exploration costs

Mineral properties and deferred exploration costs consist of the following properties:

	1999			
	Balance, Beginning of Year	**Additions, Net of Recoveries**	**Write-down**	**Balance, End of Year**
Moosehead [note 10(a)]	$23,144	$50,558	$ -	$73,702
Lockport	3,565	52,662	-	56,227
Point Leamington	-	19,716	-	19,716
Paradise Lake	705	14,212	-	14,917
Shamrock	7,932	10,277	(3,674)	14,535
Wild Cove [note 10(b)]	3,981	4,954	-	8,935
Big Arm	6,245	192	-	6,437
Miguel Lake South	-	5,004	-	5,004
Swiss Lake	-	4,960	-	4,960
Mustang [note 10(c)]	397	4,497	-	4,894
White Bay	-	3,817	-	3,817
Great Rattling Brook	1,717	378	-	2,095
Little Rattling Brook	1,700	-	-	1,700
Le Pouvoir	-	920	-	920
Laurencenton	-	479	-	479
Rolling Pond [note 10(d)]	-	1	-	1
Tom Joe	24,852	6,649	(31,500)	1
Victoria River	32,897	(32,896)	-	1
Aztec	17,220	30,008	(47,228)	-
General exploration	-	26,129	(26,129)	-
Security deposits	16,300	42,438	(1,500)	57,238
	$140,655	$244,955	$(110,031)	$275,579

	1998			
	Balance, Beginning of Year	Additions	Write-down	Balance, End of Year
Victoria River	$15,062	$17,835	$ -	$32,897
Tom Joe	9,412	15,440	-	24,852
Moosehead	2,938	20,206	-	23,144
Aztec	-	17,220	-	17,220
Shamrock	949	6,983	-	7,932
Big Arm	-	6,245	-	6,245
Wild Cove	476	3,505	-	3,981
Lockport	560	3,005	-	3,565
Great Rattling Brook	-	1,717	-	1,717
Little Rattling Brook	-	1,700	-	1,700
Paradise Lake	-	705	-	705
Mustang	-	397	-	397
Stoney Brook	330	70	(400)	-
Cape Chidley	200	-	(200)	-
Diversion Lake	-	60	(60)	-
Security deposits	12,500	3,800	-	16,300
	$42,427	$98,888	$(660)	$140,655

5. Capital assets

	1999		
	Cost	**Accumulated Amortization**	**Net Book Value**
Office equipment	$6,517	$1,915	$4,602
Computer equipment and software	6,376	2,924	3,452
	$12,893	$4,839	$8,054

	1998		
	Cost	**Accumulated Amortization**	**Net Book Value**
Office equipment	$4,859	$972	$3,887
Computer equipment and software	4,177	1,084	3,093
	$9,036	$2,056	$6,980

6. Due to shareholders

   The amounts due to certain shareholders were non-interest bearing, unsecured and had no specific terms of repayment. The amounts were repaid during the April 30, 1999 year end.

7. Share capital

   (1) Authorized
   Unlimited number of common voting shares without nominal or par value
   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.

   (2) Issued

Common shares	**Number**	**Stated Value**
Balance, April 30, 1997	3,520,000	$14,147
Pursuant to a private placement	500,000	100,000
On the acquisition of Resources	4,020,000	114,147
Shares outstanding before the acquisition of Resources (note 2)	3,150,000	340,725
Pursuant to acquisition of mineral properties	45,000	13,275
Balance, April 30, 1998	7,215,000	468,147
Pursuant to a private placement (note 7[c])	700,000	210,000
Pursuant to a private placement (note 7[d])	1,116,667	333,866
Pursuant to exercise of stock options	150,000	30,000
Pursuant to acquisition of mineral properties	70,000	21,000
Balance, April 30, 1999	9,251,667	1,063,013
Less: Tax benefit foregone on flow-through share renouncements		(68,992)
Share issuance costs		(49,658)
		$944,363

(3) Pursuant to a private placement, the Corporation issued 700,000 common shares, of which 366,666 are flow-through common shares, for aggregate proceeds of $210,000. In addition, 700,000 common share purchase warrants ("warrants") were issued entitling the holder to purchase one common share per warrant, exercisable at $0.40 per warrant until May 19, 2000. As at April 30, 1999, no warrants have been exercised.

(4) Pursuant to a private placement, the Corporation issued 1,116,667 units for aggregate proceeds of $333,866. Each unit consists of one common share and a warrant to purchase one additional common share at an exercise price of $0.35 per share until March 5, 2001. As at April 30, 1999, no warrants have been exercised.

(5) The Corporation has established a Stock Option Plan for the benefit of the directors, officers, employees and consultants of the Corporation. Options for a total of 686,700 common shares are outstanding as follows:

Number of Common Shares	Exercise Price Per Share	Expiry Date
300,000	$ 0.32	March 24, 2003
71,700	$ 0.32	April 27, 2000
315,000	$ 0.20	October 20, 2002
686,700		

Subsequent to April 30, 1999, 78,750 common shares were issued upon the exercise of stock options for aggregate proceeds of $15,750.

(6) Net loss per share has been calculated on the weighted average number of common shares of 8,093,035 (1998 - 2,820,165) outstanding during the year. The exercise of options and warrants would not be dilutive.

8. Related party transactions

Included in general and administrative expenses are fees of $17,640 (1998 - $7,372) paid to a law firm in which a director of the Corporation is a partner.

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 by the related parties and the independent members of the Company's Board of Directors.

9. Income taxes

(1) Income taxes differ from that which would be expected from applying the effective Canadian federal and provincial income tax rates of 43.12% (1998 - 43.12%) to the loss before income taxes as follows:

	1999	**1998**
Expected tax recovery	$(137,018)	$(31,891)
Decrease resulting from deferred tax debit not recognized	87,726	27,874
	$(49,292)	$(4,017)

(2) The consolidated financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes as follows:

Expiry Date	**Amount**
2004	$23,721
2005	191,230
2006	185,392
	$400,343

10. Commitments

(1) Moosehead mineral claims

(1) Pursuant to an option agreement to purchase an interest in certain Moosehead mineral claims, the Corporation can elect to pay $10,000 and issue 40,000 common shares on August 19, 1999.

Upon completion of the above option payment and issuance of common shares, the Corporation will have earned a 100% interest in the mineral claims subject to a retention by the Vendor of a 1.16% Net Smelter Return Royalty.

(2) Pursuant to an option agreement to purchase an interest in certain Moosehead mineral claims, the Corporation can elect to issue 10,000 common shares on February 15, 2000 and 20,000 common shares on February 15, 2001.

Upon completion of the above issuance of common shares, the Corporation will have earned 100% interest in the mineral claims subject to retention by the Vendor of a 1% Net Smelter Return Royalty (the "Royalty").

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

(2) Wild Cove mineral claim

Pursuant to an option agreement, the Corporation granted an option to sell 50% of its interest in the Wild Cove mineral claim to a Purchaser for a cash payment of $5,000 and the incurance and full payment by the Purchaser of exploration expenditures on the Wild Cove mineral claim aggregating $200,000 on or before February 1, 2002.

Upon full satisfaction of its obligations above, the Purchaser shall have earned a 50% undivided interest in the Wild Cove mineral claim.

Upon such vesting, the Corporation and the Purchaser shall automatically form a joint venture on the Wild Cove mineral claim with rights and obligations in proportion to their respective interests therein.

After having fulfilled its obligations above, within two years of the date upon which the vesting of the Purchaser's 50% undivided interest in the Wild Cove mineral claim occurs, the Purchaser retains an option to earn an additional 10% interest in the Wild Cove mineral claim by making a cash payment of $150,000 to the Corporation and incurring $500,000 in exploration expenditures.

(3) Mustang mineral claim

Pursuant to an option agreement, the Corporation granted an option to sell a minimum of 50% of its interest in the Mustang mineral claim upon the Purchaser incurring a minimum $120,000 of exploration expenditures on the Mustang mineral claim on or before November 12, 1999 and incurring an additional minimum of $350,000 of exploration expenditures on or before November 12, 2001.

Upon full satisfaction of its obligations, the Purchaser will have completed its earn-in period and consequently will have acquired a 50% interest in the Mustang mineral claim.

The Corporation and the Purchaser will then form a joint venture. At the formation of the joint venture, the Corporation and the Purchaser will each be deemed to have an amount of $470,000 in exploration expenditures as initial expenditures for the dilution calculation. Any joint venture partners diluted to a 10% interest will see its participation automatically reverted to a 1% Net Smelter Royalty of which 50% could be bought for $1,000,000.

Upon completing its obligations, the Purchaser will have a period of 60 days to notify the Corporation of its intention to acquire a 10% additional interest in the Mustang mineral claim for $250,000 in cash or 500,000 Purchaser shares. In order to complete this option, the Purchaser must also incur an additional $1,000,000 in exploration expenditures within two years of notifying the Corporation of its intent to acquire the additional 10% interest.

(4) Rolling Pond mineral claim

Pursuant to an option agreement, the Corporation granted an option to sell a minimum of 50% of its interest in the Rolling Pond mineral claim upon the Purchaser incurring a minimum of $100,000 of exploration expenditures on the Rolling Pond claim on or before December 2, 1999 and paying $5,000 in cash and incurring an additional minimum of $350,000 of exploration expenditures on or before December 2, 2001.

If the Purchaser does not expend a minimum of $450,000 on or before December 2, 2001, it will not gain any interest in the Rolling Pond mineral claim.

Upon full satisfaction of its obligations, the Purchaser will have completed its earn-in period and consequently will have acquired a 50% interest in the Rolling Pond mineral claim.

The Corporation and the Purchaser will then form a joint venture. At the formation of the joint venture, the Corporation and the Purchaser will each be deemed to have an amount of $450,000 in exploration expenditures as initial expenditures for the dilution calculation. Any joint venture partners diluted to a 10% interest will see its participation automatically reverted to a 1% Net Smelter Royalty of which 50% could be bought for $1,000,000.

Upon completing its obligations, the Purchaser will have a period of 60 days to notify the Corporation of its intention to acquire a 10% additional interest in the Rolling Pond mineral claim for $250,000 in cash or 500,000 Purchaser shares. In order to complete this option, the Purchaser must also incur an additional $1,000,000 in exploration expenditures within two years of notifying the Corporation of its interest to acquire the additional 10% interest.

(5) Under the terms of its lease agreements for office space and equipment, the Corporation is obligated to make the following minimum lease payments over the next three years:

2000	$7,104
2001	1,687
2002	844
	$9,635

11. Financial instruments

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

12. Uncertainty due to the Year 2000 issue

    The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced prior to, on or subsequent to January 1, 2000. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved. Therefore, the Corporation's ability to conduct normal business operations may be impacted. This impact may range from significant system failure to minor errors.