

# **Altius Minerals Corporation**

## **Management's Discussion and Analysis**

### **Three Months Ended July 31, 2006**

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*This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the accompanying unaudited interim consolidated financial statements and notes thereto should be read in conjunction with the Corporation's Audited Consolidated Financial Statements and MD&A for the year ended April 30, 2006. This MD&A has been prepared as of September 25, 2006.*

*Management's discussion and analysis of financial condition and results of operations contains forward-looking statements. By their nature, these statements involve risk and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*Additional information regarding the Corporation, including copies of the Corporation's continuous disclosure materials is available on the Corporation's website at [www.altiusminerals.com](http://www.altiusminerals.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com).*

## **Corporate Overview**

The Corporation's principal business activities include the generation and acquisition of projects related to natural resources opportunities in Newfoundland and Labrador. Areas of primary interest include mineral exploration and mine development, oil and gas production and refining and hydro electricity generation, although other natural resource sectors are also considered. In general, the Corporation prefers to create partnerships or corporate structures related to the opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership. This Limited Partnership holds a royalty interest in the Voisey's Bay project in Labrador.

The Corporation held an approximately 19.90% equity shareholding in Aurora Energy Resources Inc. (AXU-T) at July 31, 2006, as well as royalties on Aurora's Central Mineral Belt project. It also holds an approximately 30% equity shareholding in Rambler Metals and Mining plc (RMM-AIM) and a 37.5% equity shareholding in Newfoundland and Labrador Refining plc.

The Corporation's current mineral properties are located in the Province of Newfoundland and Labrador, with one project in New Brunswick, Canada; however, it has certain royalty entitlements to projects in Norway, Sweden and Finland as outlined herein.

Financing for the exploration of the Corporation's mineral properties is provided by the Corporation directly and also through earn-in/joint venture agreements with other exploration and mining companies.

## Results of Operations

The table below outlines the statement of income (loss) for the three months ended July 31, 2006 and July 31, 2005.

The financial information is extracted from the Corporation's interim unaudited financial statements.

	<b>Three Months Ended July 31</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Option payments and management fees</b>	105,598	70,971
<b>Interest income</b>	286,676	8,842
<b>Royalty revenue</b>	<u>315,292</u>	-
	<u>707,566</u>	<u>79,813</u>
<b>Expenses</b>		
General and administrative	304,211	201,696
Mineral properties abandoned or impaired	17,957	15,628
Royalty tax	32,942	-
Amortization – property and equipment	8,720	9,135
Amortization – royalty interest	<u>66,726</u>	-
	<u>430,556</u>	<u>226,459</u>
Income (loss) before the following	<u>277,010</u>	(146,646)
Share of (loss) in equity investees	(398,799)	(19,510)
Investment income	<u>364,000</u>	-
	<u>(34,799)</u>	<u>19,510</u>
Income (loss) before income tax	242,211	(166,156)
Income tax expense	<u>(85,400)</u>	-
Net income (loss)	<u>156,811</u>	<u>(166,156)</u>

General and administrative expenses for each of the quarters ended July 31, 2006 and July 31, 2005 consist of the following:

	<b>Three Months Ended July 31</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Investor relations and marketing	71,663	52,854
Administrative wages and employee benefits	58,557	59,498
Office and other	141,323	83,838
Regulatory and compliance	<u>32,668</u>	<u>5,506</u>
	<u>304,211</u>	<u>201,696</u>

## Operations

The net income for the three months ended July 31, 2006 is \$156,811 as compared to a net loss of \$166,156 for the three months ended July 31, 2005.

In the July 2006 quarter, the Corporation reflected interest income of \$286,676, and investment income of \$364,000 from its long term investments, for a total of \$650,676, with a comparable amount of \$8,842 in the July 2005 quarter. This interest and investment income was generated from the cash inflow from the sale of a portion of its investment in Aurora Energy Resources Inc. in late March 2006. In addition, the Corporation reflected royalty revenue of \$315,292 from its investment in the Voisey's Bay net smelter royalty, with no comparable amount in the July 2005 quarter.

The Corporation's income in the July 2006 quarter was reduced as a result of the recording of its share of losses of \$398,799 in three equity investees. In the July 2005 quarter, the Corporation reflected a share of loss in equity investee in the amount of \$19,510.

General and administrative expenses increased from \$201,696 in the July 2005 quarter to \$304,211 in the July 2006 quarter. This increase resulted from an overall increase in office and other expenses, an increase in regulatory and compliance costs and in investor relations and marketing.

## Cash Flows

There was an overall decrease in cash and cash equivalents for the three months ended July 31, 2006 in the amount of \$10,694,259. The Corporation had generated a significant amount of cash in the April 2006 quarter from the sale of a portion of its shareholdings in Aurora Energy Resources Inc.. It invested \$9,839,840 in long term portfolio investments in the July 2006 quarter. The Corporation also advanced \$713,940 to equity investee Newfoundland and Labrador Refining Corporation to purchase additional shares.

The three months ended July 31, 2005 generated an increase in cash of \$3,540,040, resulting in cash and cash equivalents of \$5,492,713 at July 31, 2005. The exercise of share warrants generated cash of \$3,069,756. Cash was also increased as a result of a reduction in working capital balances related to investing activities (mineral exploration) in the amount of \$639,612. The major uses of cash in the July 2005 quarter were the funding of operations in the amount of \$63,923 and the acquisition of mineral properties and deferred exploration expenditures in the amount of \$88,337.

## Summary of Quarterly Financial Information

The table below outlines selected financial information related to the Corporation's revenue, net income (loss) and net income (loss) per share for each of the eight quarters ending July 31, 2006. The financial information is extracted from the Corporation's interim unaudited financial statements.

	July 31 2006	April 30 2006	January 31 2005	October 31 2005
\$ (except shares outstanding)				
Revenue	707,566	323,856	91,400	43,279
Net income (loss)	156,811	32,475,057	(394,984)	557,812
Net income (loss) per share				
-basic	0.01	1.14	(0.01)	0.02
-diluted	0.01	1.11	(0.01)	0.02

	July 31 2005	April 30 2005	January 31 2005	October 31 2005
\$ (except shares outstanding)				
Revenue	79,813	30,775	78,043 <sup>(1)</sup>	93,311 <sup>(1)</sup>
Net income (loss)	(166,156)	4,223,038	(331,097)	(201,559)
Net income (loss) per share				
- basic	(0.01)	0.16	(0.01)	(0.01)
- diluted	(0.01)	0.13	(0.01)	(0.01)

(1) includes management fees and option payments previously reflected as a reduction of general and administrative expenses.

## Mineral Exploration Projects

The Corporation holds several exploration projects that are being advanced with a goal of creating royalty and other non-operating or passive interests in potential mineral developments. The attraction of joint venture partners with strong financial and mine development capabilities to its projects is a common component of this goal; however, the creation of minority equity interests in other companies is an alternate route that is selectively chosen. These projects are summarized below.

**South Tally Pond:** The property consists of 249 map-staked mineral claims located in south-central Newfoundland, Canada, on which the Corporation is earning a 100% interest from Falconbridge Ltd. (formerly Noranda Mining and Exploration Inc.) subject to an underlying 2% Net Smelter Return royalty in favor of Falconbridge. The Corporation expects to complete earning this interest in 2006. The exploration targets are gold-rich, volcanogenic massive sulfide (VMS)-type copper-zinc-lead-silver deposits. Previous diamond drilling by Noranda intersected stringer sulfide mineralization that is enriched in gold and silver. Exploration by the Corporation includes diamond drilling, geological mapping of the property and a helicopter-borne time-domain electromagnetic (HTEM) survey. The geological mapping and HTEM survey have identified new targets for future diamond drill evaluation. The Corporation signed an agreement in August 2006 with Paragon Minerals Corporation which gives Paragon the right to acquire the property in exchange for common shares of Paragon. The sales agreement is currently being finalized.

**Rocky Brook:** The property comprises 437 map staked mineral claims located in western Newfoundland, Canada. The property contains numerous unsourced boulders containing high-grade uranium, silver and gold. Exploration by the Corporation in concert with a previous joint venture partner included scintillometer prospecting, till sampling, and overburden coring with 96 Sonic drill holes. The project became the subject to an earn-in/joint venture agreement with JNR Resources in December 2004 that allows JNR to earn up to a 70% interest in the property in exchange for exploration expenditures, cash and share payments. A 78-hole diamond-drilling program was conducted in 2005 and completed in December 2005. A 100-hole diamond drilling program is continuing this summer and into the fall of 2006 to further the drilling success of past years. In addition, airborne radiometric surveys have been completed and new anomalies are being evaluated by ground checks. Dr. Geoffrey Thurlow is the Qualified Person supervising the project. Additional drilling is planned for the summer and fall of 2006.

**Taylor Brook:** The property comprises 16 map staked mineral claims located in north-central Newfoundland, Canada. The property contains a magmatic nickel sulfide showing. An average of rock chip samples assayed 5.38% Ni, 1.05% Cu, 0.10 % Co and 0.76 g/t precious metals, which included gold, platinum and palladium. Aeroquest Surveys Inc., under contract to Altius, flew an airborne magnetic and electromagnetic survey over the property in February 2006 and the results are being used to guide follow-up on the ground. The Corporation is currently marketing the project to prospective joint venture partners. Dr. Geoffrey Thurlow is the Qualified Person supervising this project.

**Lockport:** The property consists of 24 map staked mineral claims situated in central Newfoundland, Canada. It hosts a large VMS-style alteration zone with stringer and massive sulfide mineralization, from which a copper mine operated in the late 1800's-early 1900's (production unknown). Exploration by the Corporation includes geological mapping, a time domain EM survey, and eight diamond drill holes, one of which intersected semi-massive pyritic sulfides and another which intersected a narrow zone of zinc-rich massive sulphide at depth. The Corporation is currently marketing the project to prospective joint venture partners. Rod Churchill is the Qualified Person supervising this project.

**Mustang Trend:** The property consists of 125 map staked mineral claims in central Newfoundland, Canada. It covers rocks prospective for hosting Carlin-style disseminated gold mineralization. Exploration conducted by the Corporation includes prospecting, geological mapping, till, B-horizon soil and stream sediment geochemistry and trenching. This work has resulted in the discovery of several epithermal-style gold showings, and of an area of auriferous jasperoid alteration consistent with the Carlin deposit model. The project is being marketed to prospective joint venture partners. Rod Churchill is the Qualified Person supervising the project.

**Labrador Trough:** This consists of two individual properties totaling 60 map staked mineral claims situated in northwestern Labrador, Canada. The properties cover a part of a gossan belt containing historic sulfide showings that are anomalous in base and precious metals, and that are associated with fine-grained sedimentary rocks. It is a grassroots exploration project, covered only with first-pass reconnaissance prospecting, targeting polymetallic massive sulfide deposits. The Corporation conducted a prospecting visit in 2005 and program planning is underway for 2007. Rod Churchill is the Qualified Person supervising this project.

**Shamrock:** The property consists of 8 mineral claims situated in Notre Dame Bay, central Newfoundland, Canada, and hosts a VMS-style alteration zone containing disseminated lead, zinc, copper and gold mineralization. Exploration by the Corporation includes geological mapping, trenching, petrographic and geochemical studies. The Corporation is currently marketing the project to potential joint venture partners. Dr. Geoffrey Thurlow is the Qualified Person supervising this project.

**Point Leamington:** The property consists of 54 map staked mineral claims located in central Newfoundland, Canada. It covers the projected strike extensions of a volcanic package that hosts the Point Leamington massive sulfide prospect (pre-National Instrument 43-101 resource calculation of 18,000,000 tonnes at 1.9% Zn, 0.5% Cu, 18.1 g/t Ag and 1.0 g/t Au). Exploration by the Corporation consisted of geological mapping, time domain electromagnetic ground geophysical surveys and two diamond drill holes, resulting in the discovery of two gold showings. The Corporation is currently marketing the project to potential joint venture partners. Rod Churchill is the Qualified Person supervising this project.

**Kamistaitusset:** The Kamistaitusset property comprises 58 map staked mineral claims located south of the existing iron ore mines in western Labrador, Canada. The property is known to host two iron occurrences, a dolomite occurrence, and may be prospective for base metals and silver. Reconnaissance fieldwork consisting primarily of mapping and prospecting is underway. Rod Churchill is the Qualified Person supervising this project.

**Baie d'Espoir:** The property comprises 70 claims located in south-central Newfoundland, Canada. It contains anomalous gold, arsenic and antimony values in lake bottom sediment samples and till samples. The Corporation has conducted prospecting and additional till geochemistry surveys. The exploration target is epithermal-style gold and silver mineralization. The property was under option to Moydow Mines, and a 400-metre diamond-drilling program was carried out in April of 2005. On October 20, 2005, Moydow gave Altius notice that it terminated its option to earn an interest in the property. The licenses are now owned 100% by Altius. The Qualified Person responsible for this project is Rod Churchill.

**Notakwanon River:** The property consists of 112 map staked claims in two contiguous blocks that were staked on the basis of prospective geology, and government lake sediment and geophysical data indicating base metal mineralization potential. Compilation work is ongoing and a reconnaissance visit was made to the property. Rod Churchill is the Qualified Person supervising this project.

**Alexis River:** The Alexis River property comprises 50 map staked mineral claims located in southeastern Labrador, Canada. The property was staked to cover a highly anomalous uranium lake sediment value reported by the Newfoundland and Labrador geological survey. Reconnaissance fieldwork was conducted in 2005 and a joint venture partner is being sought as prospective geology was confirmed. Rod Churchill is the Qualified Person supervising this project.

**Wizard:** The property consists of 39 claims in three claim blocks and is located in western Newfoundland southwest of White Bay. The Corporation signed an agreement with a prospector in February 2006 whereby it can earn a 100% interest in the property by making cash payments. Compilation of previous work by other companies has shown several target areas of potential gold mineralization that will require follow-up ground work. Airborne geophysical surveys have been completed and a small program of prospecting and mapping is planned for the early fall of 2006. Rod Churchill is the Qualified Person supervising this project.

**New Brunswick Oil Shale:** In response to the Call for Tenders for the Bituminous Shale Rights in Albert County in Southeast New Brunswick (#21-BS-01-06) issued by the New Brunswick Department of Natural Resources, Altius submitted a bid on March 31, 2006 to the New Brunswick Department of Natural Resources (NBDNR) to acquire a 100% interest by conducting a three year program totaling \$2,660,000 with \$60,000 to be spent in year one, followed by \$165,000 in year two and the balance to be spent in year three. The first year expenditure of \$60,000 is a firm obligation. Subsequent expenditures in year two and year three are optional and contingent on the results from the preceding year. Failure to complete expenditures in year two or year three would cause the licence to revert to the province of New Brunswick.

Bituminous shale is a general term applied to a group of fine grained, black to dark brown shales (mudstones), siltstones and marlstones that are rich enough in solid bituminous material, called kerogen, to yield petroleum liquids when the rock is heated. Since 1968, approximately 15 core holes were drilled for the purpose of evaluating bituminous shale in southeast New Brunswick and about 30 petroleum exploration core holes and wells have intersected significant thickness of bituminous shale.

These potential resources have been studied in some detail near the village of Albert Mines (Albert Mines Zone), where studies have revealed an area of shale yielding an average of 100 litres per tonne. Considering bituminous shale intervals occur within the Albert Formation along a 20 kilometres-long, northeast trend in southeast New Brunswick, the potential for large resources of bituminous shale amenable to near-surface and at-depth development is apparent.

Investigations into retorting and direct combustion of Albert Mines bituminous shale have been conducted, including some experimental processing in 1988 at the Petrobras plant in Brazil. Also, interest has been shown in the New Brunswick deposits for the potential they might offer to reduce sulphur emissions by co-combustion of carbonate-rich shale residue with high-sulphur coal in power stations.

Altius was notified on April 12, 2006 that it was the successful bidder to the Call for Tenders by the NBDNR and would be issued a “licence to search” under the New Brunswick Bituminous Shales Act, in respect of a 9,702.1 hectares block of land. The Corporation and the New Brunswick Department of Natural Resources have entered into a licence to search agreement.

**Howell’s River:** The Howell’s River property comprises 50 map staked mineral licenses located adjacent to the Quebec-Labrador boundary in northwestern Labrador, Canada. The property was staked because of known gold occurrences coinciding with favourable geology. Reconnaissance fieldwork was conducted in 2006 and the Corporation is evaluating the results to determine the property’s viability for further exploration. Rod Churchill is the Qualified Person supervising this project.

**Victoria River:** The property comprises 59 map staked mineral claims situated in central Newfoundland, Canada. BHP-Billiton has terminated their option on the property, and it has reverted 100% to the Corporation. The property hosts VMS style alteration zones with anomalous base and precious metals. Exploration by the Corporation includes airborne EM surveys, soil geochemistry, geological mapping and prospecting, and nine diamond drill holes. The Corporation is currently marketing the project to prospective joint venture partners. Rod Churchill is the Qualified Person supervising this project.

**Miguel's Trend:** The property consists of 73 map staked mineral claims located in central Newfoundland, Canada. It hosts two low sulfidation-style epithermal quartz zones and an auriferous quartz-arsenopyrite zone. Exploration by the Corporation includes geological mapping, an airborne magnetic survey, and 16 diamond drill holes. The Corporation is currently marketing the project to prospective joint venture partners. Rod Churchill is the Qualified Person supervising this project.

**Meshikamau:** The property consists of 1771 map staked mineral claims located in west-central Labrador, Canada. It covers a gabbro-anorthosite intrusion that hosts several sulfide showings, and has potential to host magmatic nickel-copper-cobalt mineralization analogous to the Voisey's Bay deposits. Exploration by the Corporation consists of reconnaissance-style prospecting. Teck Cominco signed an earn-in/joint venture agreement with the Corporation in August 2004. An airborne geophysics survey was subsequently completed and a program of geologic mapping and additional geophysical surveying followed by a small diamond-drilling program was conducted in 2005. Teck Cominco gave notice that it terminated its option on December 15, 2005 and a new joint venture partner is being sought. Rod Churchill is the Qualified Person supervising this project.

**Merasheen:** The property comprises 137 map staked mineral claims situated on Merasheen Island along the south coast of Newfoundland, Canada. It hosts an extensive high sulfidation-style alteration zone containing anomalous gold, silver and base metals. Prospecting programs in 2006 have returned interesting results and planning for further work in 2007 is underway. The Qualified Person responsible for this project is Rod Churchill. Prospecting programs are planned for 2006.

**Moosehead:** The property comprises 90 map staked mineral claims located in central Newfoundland, Canada. It hosts low sulfidation-style epithermal quartz veins that locally contain high gold values. Exploration on the property includes MMI soil geochemistry, an airborne magnetic survey, ground magnetic and VLF-EM surveys, reverse circulation drilling and 111 diamond drill holes. The property is currently a joint venture with Sudbury Contact Mines Ltd. (Sudbury Contact's interest transferred to Agnico Eagle Mines Inc.). The Qualified Person responsible for this project is Rod Churchill.

**Lac Joseph:** The property consists of 24 map staked claims in west-central Labrador, Canada that have been acquired for the purpose of conducting reconnaissance nickel exploration following a review of literature and a geochemical data release by the Geological Survey of Newfoundland and Labrador. Recent ground work on the property has shown potential for Ni mineralization and further work is planned for 2007. The results of recent work programs allowed the Corporation to reduce the number of claims from the original 95 to 24. Rod Churchill is the Qualified Person supervising this project.

**Robert's Arm:** The property comprises 109 claims located in east-central Newfoundland, Canada. It covers several volcanic hosted massive sulfide deposits, including a past producing mine (300,000 tons mined from 1891 to 1899, and pre-National Instrument 43-101 calculated resource of 1,159,000 tonnes of 1.23% Cu, British Newfoundland Exploration Limited), the 3B zone (pre-National Instrument 43-101 resource calculation of approximately 200,000 tonnes of 3-4% Cu, Brinco-Getty), and three large, low-grade massive pyritic deposits discovered by Phelps Dodge Corporation of Canada. The property is currently the subject of an earn-in joint venture with Inmet Mining Corporation. Exploration by the joint venture includes re-logging of historic drill core, 10 new diamond drill holes, borehole pulse EM surveying, litho geochemistry and geological re-interpretation. Woodruff Capital Inc., which held a sub-option from Inmet, terminated its option on December 13, 2005. Dr. Geoffrey Thurlow is the Qualified Person supervising this project.

**White Bay:** This area of Newfoundland is being evaluated for uranium potential. A recent helicopter-borne airborne survey has been completed and Altius personnel are actively ground checking resultant anomalies. Rod Churchill is the Qualified Person supervising this project.

**Labrador West:** A program of reconnaissance prospecting is planned for several areas of interest in western Labrador for prospective gold and base metal mineralization. Rod Churchill is the Qualified Person supervising this project.

**Newfoundland Uranium:** Several areas of interest throughout Newfoundland are being examined for potential uranium mineralization. Target areas have been identified from a comprehensive data review of documents on file with the Newfoundland Geological Survey and are actively being field evaluated. Rod Churchill is the Qualified Person supervising this project.

#### **Scandanavian Nickel Royalties / Alba Mineral Resources Plc:**

In September 2005, the Corporation entered into a royalty financing agreement with Alba Mineral Resources Plc ("Alba"). The Corporation is entitled to royalties on nickel projects that might be generated in Norway, Sweden and Finland by Alba using directed proceeds from a private placement subscribed for by the Corporation. The Corporation subscribed for 1,250,000 ordinary shares of Alba at a price of 8 pence per share, for a total cost of \$216,963 CDN, and was granted warrants to acquire an additional 937,500 shares at 9 pence per share until April 4, 2015.

In August 2006 the Corporation agreed to subscribe for an additional 1,250,000 ordinary shares of Alba at a price of 8 pence per share.

## **Liquidity**

At July 31, 2006 the Corporation has current assets of \$27,141,235 and current liabilities of \$6,628,444 resulting in working capital of \$20,512,791. Additionally, a total of \$263,504 is posted with the Province of Newfoundland and Labrador as security deposits against completion of adequate exploration work, a portion of which is secured by third party exploration commitments on mineral claims. The security deposits are refundable upon completion of adequate exploration work, should it occur.

The Corporation anticipates working capital of \$20,512,791 is sufficient to meet its current requirements for operating and investing activities.

A source of funding for the Corporation's exploration programs is its earn-in/joint venture agreements with several mining industry partners. These partners are funding the exploration of individual properties, or group of properties, in exchange for direct ownership interest in the properties, should all vesting conditions be met. Annual cash and/or share option payments to the Corporation are often a component of these agreements.

The Corporation's major sources of funding are the earn-in/joint venture agreements referred to in the previous paragraph, equity financing, and investment income from current and long term investments. Royalty income from the Corporation's investment in the Labrador Nickel Royalty Limited Partnership is expected to be a source of cash in 2006/2007.

Subsequent to July 31, 2006, the Corporation sold 2,986,900 shares in Aurora for gross cash proceeds of \$31,213,106.

## **Capital Resources**

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance in order to maintain the properties in good standing and for refund of security deposits.

Third parties have entered option agreements to earn interests in certain mineral properties held by the Corporation. These parties are required to make expenditures in order to maintain their rights under the option agreements.

The Corporation has the option of reducing claims on a property, thereby reducing the annual expenditures required to maintain the property in good standing.

The following schedule, as of July 31, 2006, details the specific properties and the required expenditures for each property to July 31, 2007 in order to maintain the properties in good standing or for refund of security deposits.

<b>Property</b>	<b>Required Expenditures by July 31, 2007 to Maintain Property in Good Standing</b>
Meshikamau	\$ 182,413
South Tally Pond	144,592
New Brunswick Oil Shale	56,958
Mustang Trend	47,829
Point Leamington	33,562
Merasheen	19,980
Howell's River	22,500
Bay d'Espoir	18,575
Labrador Trough	50,382
Duley Lake	3,615
Alexis River	6,145
	<hr/> \$ 586,551 <hr/>

The working capital on hand at July 31, 2006 is sufficient to fund the required expenditures to maintain the properties in good standing.

### **Related Party Transactions**

VMS Consultants Inc., controlled by director Geoff Thurlow, invoiced a total of \$10,852 for geological consulting services and reimbursement of expenses associated with exploration of certain of the Corporation's properties for the three months ended July 31, 2006 (\$16,687 for the three months ended July 31, 2005). Thurlow, through his consulting company, explores and partly administers certain of the Corporation's wholly owned and/or operated exploration programs. Director John Baker is a Partner of the legal firm White Ottenheimer and Baker. This firm provided legal services in the amount of \$7,354 for the three months ended July 31, 2006 (\$13,851 for the three months ended July 31, 2005). The Corporation reflected management fees in the amount of \$94,591 (\$65,034 for the three months ended July 31, 2005) from 51190 Newfoundland & Labrador Inc. (51190), a wholly owned subsidiary of Rambler Metals and Mining plc, a company which is subject to significant influence by the Corporation. The management fees are charged by the Corporation as manager of an exploration project of 51190.

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. It is management's estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

The following schedule outlines the major categories of capitalized mineral property and deferred exploration costs by property at July 31, 2006.

(in dollars \$)	Acquisitions	Geological and Project Administrative Wages & Benefits	Geophysical and Geochemical	Drilling	Travel and Other	Recovered Property Costs	Accumulated Writedown for Impairment	Total April 30 2006
South Tally Pond	4,750	176,958	96,106	63,344	100,898	(49,900)	-	392,156
Taylor Brook	20,287	15,577	38,100	-	12,981	(7,031)	(1,200)	78,714
Rocky Brook	282,800	72,856	4,219	2,800	14,166	(297,400)	(8,818)	70,623
Lockport	1,200	47,101	2,852	16,562	14,721	(12,002)	(50)	70,384
White Bay	-	68,460	-	-	-	-	-	68,460
Mustang Trend	500	56,184	2,172	-	25,221	-	(18,620)	65,457
Labrador Trough	200	16,661	987	-	28,794	-	(900)	45,742
Shamrock	-	33,341	4,464	-	10,797	-	(5,831)	42,771
Kamistaitusset	200	14,253	-	-	21,934	-	-	36,387
Point Leamington	19,702	21,155	1,281	-	2,743	(15,394)	-	29,487
Newfoundland	-	20,948	-	-	5,656	-	-	26,604
Notakwanon	1,120	11,996	-	-	19,244	(7,000)	-	25,360
Wizard	5,540	13,599	-	-	6,097	-	-	25,236
Baie d'Espoir	3,050	23,333	21,718	-	21,699	(43,419)	(2,560)	23,821
Howell's River	500	1,935	-	-	12,510	-	-	14,945
Alexis River	500	3,112	-	-	9,526	-	-	13,138
Labrador West	-	4,628	-	-	4,953	-	-	9,581
Merasheen	1,880	11,836	1,497	-	8,292	-	(14,375)	9,130
Lac Joseph	950	1,421	-	-	4,816	-	(710)	6,477
New Brunswick Oil Shale	-	3,042	-	-	2,891	-	-	5,933
Duley Lake	380	-	-	-	3,985	-	-	4,365
Moosehead	41,427	54,608	16,701	-	41,299	(132,922)	(17,362)	3,751
Victoria River	3,700	556	-	-	2,983	(4,289)	-	2,950
Meshikamau	17,710	19,714	-	-	31,804	(66,591)	-	2,637
Miguel's Trend	3,100	3,372	3,542	-	1,315	-	(8,754)	2,575
Robert's Arm	1	1,804	-	-	1,515	(1,400)	-	1,920
	409,497	698,450	193,639	82,706	410,840	(637,348)	(79,180)	1,078,604

The following schedule outlines the major categories of capitalized mineral property and deferred exploration costs by property at July 31, 2005.

(in dollars \$)	Acquisitions	Geological and Project Administrative Wages & Benefits	Geophysical and Geochemical	Drilling	Travel and Other	Recovered Property Costs	Accumulated Writedown for Impairment	Total April 30 2005
South Tally Pond	4,750	161,676	96,106	63,344	80,953	(49,900)	-	356,929
Lockport	1,200	47,101	2,852	16,562	14,721	(12,002)	(50)	70,384
Mustang Trend	500	52,419	2,172	-	25,203	-	(14,424)	65,870
Shamrock	-	33,341	4,464	-	10,797	-	(5,831)	42,771
Labrador	-	26,736	-	-	38,279	-	(27,142)	37,873
Taylor Brook	20,287	12,937	-	-	12,622	(7,031)	(1,200)	37,615
Labrador Trough	200	12,831	987	-	16,329	-	(900)	29,447
Point Leamington	18,202	20,592	1,281	-	3,306	(15,394)	-	27,987
Kamistaitusset	200	8,664	-	-	16,586	-	-	25,450
Baie d'Espoir	3,050	21,718	21,718	-	21,699	(43,419)	(2,350)	22,416
Merasheen	510	6,530	1,497	-	5,838	-	(80)	14,295
Moosehead	41,427	50,941	16,701	-	36,542	(131,567)	-	14,044
Wade Lake	6,000	3,344	-	-	4,456	-	-	13,800
Rocky Brook	132,800	52,623	4,219	2,800	14,166	(197,790)	(480)	8,338
Nain	-	-	-	-	5,947	-	-	5,947
Miguel's Trend	3,100	3,372	3,542	-	1,315	-	(8,754)	2,575
Lac Joseph	950	-	-	-	-	-	-	950
Howell's River	500	-	-	-	-	-	-	500
Alexis River	500	-	-	-	-	-	-	500
Robert's Arm	1	-	-	-	-	-	-	1
Bay du Nord	480	3,398	-	-	4,645	-	(8,523)	-
Victoria River	750	556	-	-	2,983	(4,289)	-	-
Wild Cove	1	-	-	-	-	-	(1)	-
Meshikamau	17,710	18,827	-	-	30,054	(66,591)	-	-
Flint Cove	-	3,765	299	-	575	-	(4,639)	-
	253,118	541,371	155,838	82,706	347,016	(527,983)	(74,374)	777,692