*Consolidated Financial Statements*

*(Unaudited)*

*For the three and nine months ended*

*January 31, 2008 and 2007*

# ALTIUS MINERALS CORPORATION

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ALTIUS MINERALS CORPORATION

# Consolidated Balance Sheets

**(Unaudited)**

(In thousands of dollars)

| | As at January 31, 2008 | As at April 30, 2007 |
|---|---|---|
| | $ | $ |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | **167,703** | 114,284 |
| Accounts receivable and prepaid expenses | **2,192** | 2,571 |
| | **169,895** | 116,855 |
| Mineral properties and deferred exploration costs (Note 4) | **2,782** | 1,945 |
| Royalty interest in mineral property | **12,653** | 13,177 |
| Property and equipment | **128** | 175 |
| Fair value of share purchase warrants (Note 3) | **195** | - |
| Fair value of equity forward instrument (Note 3) | **16,222** | - |
| Equity investments and advances (Note 3 and 5) | **58,106** | 7,714 |
| Mining and mineral related investments (Note 3 and 6) | **37,183** | 30,059 |
| | **297,164** | 169,925 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | **570** | 1,048 |
| Income taxes payable | **220** | 16,186 |
| Future income taxes | **769** | 1,298 |
| | **1,559** | 18,532 |
| Deferred option payments (Note 7) | **937** | 580 |
| Future income taxes | **6,650** | 1,064 |
| Long-term debt | **37,726** | 36,557 |
| | **46,872** | 56,733 |
| **Shareholders' Equity** | | |
| Share capital (Note 8) | **77,991** | 25,886 |
| Treasury shares (Note 8) | **(327)** | - |
| Contributed surplus | **1,995** | 1,312 |
| Accumulated other comprehensive earnings (Note 3 and 10) | **31,427** | 215 |
| Retained earnings | **139,206** | 85,779 |
| | **250,292** | 113,192 |
| | **297,164** | 169,925 |

Approved by the Board,

"John A. Baker", Director      "Brian F. Dalton", Director

see accompanying notes to the unaudited consolidated financial statements

ALTIUS MINERALS CORPORATION

# Consolidated Statements of Earnings and Retained Earnings

**(Unaudited)**

(In thousands of dollars, except per share amounts)

| | Three Months Ended January 31 | | Nine Months Ended January 31 | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| **Revenue** | | | | |
| Royalty | **1,331** | 1,393 | **4,110** | 2,597 |
| Other | **139** | 40 | **253** | 278 |
| Interest | **2,293** | 802 | **5,096** | 1,488 |
| | **3,763** | 2,235 | **9,459** | 4,363 |
| **Expenses** | | | | |
| General and administrative | **407** | 570 | **1,734** | 1,202 |
| Mineral properties abandoned or impaired (Note 4) | **108** | 131 | **383** | 173 |
| Royalty tax | **157** | 269 | **628** | 440 |
| Stock-based compensation | **549** | 372 | **782** | 648 |
| Amortization | **220** | 70 | **591** | 516 |
| | **1,441** | 1,412 | **4,118** | 2,979 |
| Earnings before the following | **2,322** | 823 | **5,341** | 1,384 |
| Interest on long-term debt | **(394)** | - | **(1,256)** | - |
| Gain on disposal of investments | **-** | 32,453 | **61,632** | 62,595 |
| Gain on disposal of mineral property | **-** | - | **220** | - |
| Dilution gain on issuance of shares by equity investment | **-** | - | **2,369** | - |
| Share of (loss) in equity investments | **(190)** | (215) | **(517)** | (1,299) |
| Change in fair value of share purchase warrants | **(352)** | - | **(827)** | - |
| Investment income | **-** | 308 | **60** | 1,008 |
| Earnings before income taxes | **1,386** | 33,369 | **67,022** | 63,688 |
| Income taxes (recovery) | | | | |
| - current | **107** | 5,581 | **13,248** | 11,166 |
| - future | **675** | 463 | **(327)** | 630 |
| | **782** | 6,044 | **12,921** | 11,796 |
| **Net earnings** | **604** | 27,325 | **54,101** | 51,892 |
| Retained earnings, | | | | |
| beginning of period | **140,117** | 58,936 | **85,779** | 34,369 |
| accounting change (Note 3) | **-** | - | **841** | - |
| shares repurchased and cancelled | **(1,515)** | - | **(1,515)** | - |
| **Retained earnings, end of period** | **139,206** | 86,261 | **139,206** | 86,261 |
| **Net earnings per share (Note 8)** | | | | |
| - basic | **0.02** | 0.95 | **1.84** | 1.80 |
| - diluted | **0.02** | 0.93 | **1.79** | 1.77 |

see accompanying notes to the unaudited consolidated financial statements

ALTIUS
MINERALS CORPORATION

# Consolidated Statements of Cash Flows

**(Unaudited)**

(In thousands of dollars)

| | Three Months Ended January 31 | | Nine Months Ended January 31 | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| **Operating activities** | | | | |
| Net earnings | **604** | 27,325 | **54,101** | 51,892 |
| Items not affecting cash: | | | | |
| Mineral properties abandoned or impaired | **108** | 131 | **383** | 173 |
| Stock-based compensation | **549** | 372 | **782** | 648 |
| Amortization | **220** | 70 | **591** | 516 |
| Gain on disposal of investments | **-** | (32,453) | **(61,632)** | (62,595) |
| Gain on disposal of mineral property | **-** | - | **(220)** | - |
| Non - cash interest on long-term debt | **394** | - | **1,169** | - |
| Dilution gain on issuance of shares by equity investment | **-** | - | **(2,369)** | - |
| Share of loss in equity investment | **190** | 215 | **517** | 1,299 |
| Change in fair value of share purchase warrants | **352** | - | **827** | - |
| Receipt of available for sale investments | **(115)** | - | **(115)** | - |
| Future income taxes (recovery) | **675** | 463 | **(327)** | 630 |
| | **2,977** | (3,877) | **(6,293)** | (7,437) |
| Change in non-cash operating working capital | **(5,001)** | 4,398 | **(16,049)** | 9,610 |
| | **(2,024)** | 521 | **(22,342)** | 2,173 |
| **Financing activities** | | | | |
| Proceeds from issuance of share capital | **50,238** | 187 | **50,867** | 524 |
| Repurchase of common shares | **(327)** | - | **(1,935)** | (833) |
| | **49,911** | 187 | **48,932** | (309) |
| **Investing activities** | | | | |
| Proceeds from disposal of investments | **-** | 33,483 | **77,138** | 64,833 |
| Deferred exploration costs, net of recoveries | **(99)** | (13) | **(1,086)** | (510) |
| Acquisition of equity investments | **(15,521)** | (3,308) | **(19,113)** | - |
| Advance to equity investment | **(30,093)** | - | **(30,093)** | - |
| Acquisition of mining and mineral related investments | **-** | - | **-** | (19,299) |
| Acquisition of property and equipment | **(4)** | (59) | **(20)** | (115) |
| Increase in accounts receivable - related companies | **(6)** | 1,070 | **(17)** | 600 |
| Other investing | **20** | - | **20** | (24) |
| | **(45,703)** | 31,173 | **26,829** | 45,485 |
| Net increase in cash and cash equivalents | **2,184** | 31,881 | **53,419** | 47,349 |
| Cash and cash equivalents, beginning of period | **165,519** | 50,800 | **114,284** | 35,332 |
| **Cash and cash equivalents, end of period** | **167,703** | 82,681 | **167,703** | 82,681 |

see accompanying notes to the unaudited consolidated financial statements

**Consolidated Statements of Comprehensive Earnings (Loss)**

**(Unaudited)**

(In thousands of dollars)

| | Three months ended January 31 | | Nine months ended January 31 | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| **Net earnings** | **604** | 27,325 | **54,101** | 51,892 |
| **Other comprehensive earnings (loss):** | | | | |
| Unrealized gain (loss) on the translation of financial statements of equity investment | | | | |
| gross amount | **43** | 409 | **(667)** | 409 |
| tax effect | **(7)** | (36) | **114** | (36) |
| net amount | **36** | 373 | **(553)** | 373 |
| Unrealized losses on available-for-sale investments during the period | | | | |
| gross amount | **(21,626)** | - | **(37,704)** | - |
| tax effect | **3,678** | - | **6,504** | - |
| net amount | **(17,948)** | - | **(31,200)** | - |
| Reclassification adjustment for disposals of available-for-sale investments included in net earnings during the period | | | | |
| gross amount | - | - | **(62,182)** | - |
| tax effect | - | - | **10,487** | - |
| net amount | - | - | **(51,695)** | - |
| Gain on derivative designated as cash flow hedge during the period | | | | |
| gross amount | **20,123** | - | **24,103** | - |
| tax effect | **(3,320)** | - | **(3,977)** | - |
| net amount | **16,803** | - | **20,126** | - |
| **Other comprehensive earnings (loss)** | **(1,109)** | 373 | **(63,322)** | 373 |
| **Comprehensive earnings (loss)** | **(505)** | 27,698 | **(9,221)** | 52,265 |

see accompanying notes to the unaudited consolidated financial statements

## 1. NATURE OF OPERATIONS

Altius Minerals Corporation's (the "Corporation") principal business activities include the generation and acquisition of projects related to natural resources opportunities, including but not limited to, mineral exploration and the energy sector. In general, the Corporation prefers to create partnerships or corporate structures related to the opportunities it develops, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

## 2. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the 2007 annual consolidated financial statements, except as disclosed in note 3.

These unaudited interim consolidated financial statements should be read in conjunction with the April 30, 2007 annual consolidated financial statements. The disclosures in the unaudited consolidated financial statements do not conform in all material respects to the requirements of generally accepted accounting principles for annual financial statements.

## 3. ADOPTION OF NEW ACCOUNTING POLICIES

*Comprehensive Income, Equity, Financial Instruments and Hedges*

Effective May 1, 2007, the Corporation adopted Canadian Institute of Chartered Accountants ("CICA") Section 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments – Disclosure and Presentation and Section 3865, "Hedges". Under the standards:

Financial assets are classified as loans and receivables, held-to- maturity, held-for-trading or available-for-sale. Loans and receivables include all loans and receivables except debt securities and are accounted for at amortized cost. Held-to-maturity classification is restricted to fixed maturity instruments that the Corporation intends and is able to hold to maturity and are accounted for at amortized cost. Held- for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net income. The remaining financial assets are classified as available-for-sale. These are recorded at fair value with unrealized gains and losses reported in a new category of shareholders' equity called accumulated other comprehensive earnings ("AOCE");

Financial liabilities are classified as either held-for-trading or other. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net earnings. Other instruments are accounted for at amortized cost with gains and losses reported in net earnings in the period that the liability is derecognized; and

## 3. ADOPTION OF NEW ACCOUNTING POLICIES (Continued)

Derivative instruments ("derivatives") are classified as held-for-trading unless designated as hedging instruments. All derivatives are recorded at fair value on the consolidated balance sheet. For derivatives that hedge variability in cash flows, the effective portion of the changes in the derivatives' fair value are initially recognized in other comprehensive earnings ("OCE") with any ineffective portion recorded in net earnings. Amounts temporarily recorded in AOCE will subsequently be reclassified to net earnings in the periods when net earnings is affected by the variability in the cash flows of the hedged item.

These standards have been applied in accordance with their transition provisions; accordingly comparative amounts for prior periods have not been restated. The adoption of these standards resulted in the following adjustments and classifications as of May 1, 2007 in accordance with the transition provisions:

Cash and cash equivalents are classified as held for trading. These financial assets are marked-to-market through net earnings in each period. The carrying value of these assets approximate the market value at the transition date and no adjustment was required.

Accounts receivable and refundable security deposits are classified as “Loans and Receivables”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the measured amount generally corresponds to cost and no transition adjustment was required.

Accounts payable, long - term debt and deferred option payments are classified as “Other Financial Liabilities”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the measured amount generally corresponds to cost and no transition adjustment was required.

*Held for trading investments*

The Corporation holds share purchase warrants in various companies which were not recorded on the consolidated balance sheet in prior periods. Under the adoption of the new standard, these warrants are considered derivative financial instruments and have been designated as held for trading and are measured at fair value. The fair value of these instruments is measured using the Black-Scholes option pricing model. The change in accounting policy resulted in an increase of $1,021,000 to the carrying value of held for trading financial assets and an increase to retained earnings of $841,000 (net of future income taxes of $180,000).

**3. ADOPTION OF NEW ACCOUNTING POLICIES (Continued)**

*Available-for-sale investments*

The Corporation's mining and mineral related investments have been designated as available-for-sale and recorded at market value in the consolidated balance sheet, resulting in an increase in investments of $121,840,000, an increase to AOCE of $101,115,000, and an increase in future income tax liability of $20,725,000.

*Derivatives*

The Corporation has an equity forward agreement to sell 2,500,000 shares in Aurora Energy Resources Inc. ("Aurora") in December 2011. This derivative instrument qualifies for hedge accounting as a cash flow hedge and was not recorded on the consolidated balance sheet in prior periods. Under the new accounting pronouncements, the equity forward agreement was recorded on the consolidated balance sheet at fair value resulting in an increase in derivative instruments (liability) of $7,880,000, a decrease in future income tax liability of $1,300,000, and a decrease in AOCE of $6,580,000.

*Foreign currency translation adjustment*

The Corporation previously recorded any changes in value of the self-sustaining foreign equity investment caused by foreign currency fluctuations in a separate component on shareholders' equity entitled "foreign currency translation adjustment". The balance of $215,000 at April 30, 2007 was reclassified to opening AOCE, with no other changes in the accounting treatment or calculation basis.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 4. MINERAL PROPERTIES AND DEFFERED EXPLORATION COSTS

| Location | Primary Metal | Number of Claims | As at April 30, 2007 | Net Additions | Abandoned or Impaired | As at January 31, 2008 |
|---|---|---|---|---|---|---|
| | | | $ | $ | $ | $ |
| Labrador | | | | | | |
| | Base metals | 1,611 | 50 | 76 | - | 126 |
| | Iron Ore | 85 | 58 | 289 | - | 347 |
| | Nickel | 1,484 | 45 | 71 | (38) | 78 |
| | Uranium | 2,754 | 232 | 54 | - | 286 |
| | | 5,934 | 385 | 490 | (38) | 837 |
| Newfoundland | | | | | | |
| | Base metals | 444 | 576 | 6 | (124) | 458 |
| | Gold | 431 | 100 | 74 | (43) | 131 |
| | Nickel | 112 | 86 | 21 | - | 107 |
| | Uranium | 11,179 | 369 | 160 | (92) | 437 |
| | Potash | 1,068 | - | 13 | - | 13 |
| | | 13,234 | 1,131 | 274 | (259) | 1,146 |
| Other | | | | | | |
| | Oil shale | - | 105 | 64 | - | 169 |
| | | - | 105 | 64 | - | 169 |
| Security Deposit | | | | | | |
| | Security Deposit | - | 323 | 307 | - | 630 |
| | | - | 323 | 307 | - | 630 |
| General Exploration | | | | | | |
| | General Exploration | - | - | 86 | (86) | - |
| | | - | - | 86 | (86) | - |
| Grand Total | | 19,168 | 1,944 | 1,221 | (383) | 2,782 |

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 5. EQUITY INVESTMENTS AND ADVANCES

| | **As at January 31, 2008** | As at April 30, 2007 |
|---|---|---|
| | **$** | $ |
| Investment in Rambler Metals and Mining plc, (percentage ownership: January 31, 2008 - 24.1%; April 30, 2007 - 30%) (market value: January 31, 2008 - $16.8 million; April 30, 2007 - $17.4 million) | **5,848** | 4,405 |
| Investment in Newfoundland and Labrador Refining Corporation ("NLRC"), (percentage ownership: January 31, 2008 - 39.6%; April 30, 2007 - 36.8%) | **22,165** | 3,309 |
| Non-interest bearing demand note to NLRC, secured by a first charge on the assets, convertible into 1,440,000 common shares at the option of the Corporation (approximately 4.6% increase in ownership if exercised) | **30,093** | - |
| | **58,106** | 7,714 |

*Rambler Metals and Mining*

The Corporation began accounting for Rambler Metals and Mining plc (“Rambler”) as a self-sustaining operation in August 2006 after Rambler established its own independent management and geological team. The net investment is now adjusted for any changes in value caused by currency fluctuation, with the adjustment (net of applicable taxes) applied to other comprehensive earnings.

In May 2007, Rambler completed a private placement of 9,350,000 units, at a price of $1.50 per unit, for gross proceeds of $14,025,000. Each unit comprises one ordinary share of Rambler and one-half of one ordinary share purchase warrant. Each warrant entitles the holder to purchase one ordinary share at a price of $2.00 until May 23, 2009. Following the transaction the Corporation’s ownership interest in Rambler was reduced from 30% to 24.3% and the Corporation recorded a dilution gain of $ 2,369,000.

*Newfoundland and Labrador Refining Corporation*

In October 2007, the Corporation entered into a standby subscription agreement with NLRC, whereby the Corporation could, at its discretion, invest an additional US$ 100,000,000 in exchange for 4,812,762 common shares of NLRC up to December 28, 2008. The funds are expected to be used to to pay for ongoing environmental and engineering work of NLRC. Up to January 31, 2008, the Corporation has subscribed for 750,000 additional shares under this agreement.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 6. MINING AND MINERAL RELATED INVESTMENTS

| | **As at January 31, 2008** (market value) **$** | As at April 30, 2007 (carrying value) $ |
|---|---|---|
| Aurora Energy Resources Inc. (January 2008 -2,500,000 shares; April 2007 - 6,539,911 shares) (carrying value: January 31, 2008 - $1.0 million) (market value: April 30, 2007 - $107.4 million) | **21,875** | 2,635 |
| Other mining related portfolio investments (carrying value: January 31, 2008 - $14.2 million) (market value: April 30, 2007 - $ 36.6 million) | **15,308** | 27,424 |
| | **37,183** | 30,059 |

*Aurora Energy Resources Inc.*

During the nine month period the Corporation sold 4,039,911 shares in Aurora for net proceeds of $59,945,000 and realized a gain on disposal of $58,317,000.

2,500,000 Aurora shares have been pledged as part of the equity forward agreement, which effectively locks in the economic value of these shares at the contractual price, as described in Note 14 to the April 30, 2007 consolidated financial statements.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 7. DEFERRED OPTION PAYMENTS

Various option payments have been received by the Corporation in exchange for the right to earn interests in certain mineral properties. The deferred option payments received on each of the respective properties are as follows:

| | **As at January 31, 2008** | As at April 30, 2007 |
|---|---|---|
| | **$** | $ |
| South Tally Pond | **483** | 275 |
| Rocky Brook | **309** | 290 |
| Taylor Brook | **15** | 15 |
| Viking | **22** | - |
| Alexis River | **38** | - |
| Notakwanon | **35** | - |
| Nuiklavik | **35** | - |
| | **937** | 580 |

Northern Abitibi Mining Corporation ("Northern Abitibi") has agreed to earn-in up to a 51-percent interest in the Corporation's Viking gold project in western Newfoundland by issuing up to 1,115,000 shares of Northern Abitibi and spending up to $1,200,000 on exploration over 4 years.

Monroe Minerals Inc. has agreed to earn up to a 60 percent interest in the Corporation's Alexis River uranium project in southeast Labrador by paying up to 2,500,000 shares and spending up to $1,250,000 on exploration over four years.

Golden Cross Resources ("GCR") has signed an agreement with the Corporation whereby GCR may earn a 50 percent interest in two separate uranium projects in central Labrador. GCR may issue 25,000,000 shares and spend $3,500,000 on exploration over 5 years at the Notakwanon project and may issue 15,000,000 shares and spend $2,000,000 on exploration over 5 years at the Nuiklavik project. Both projects are subject to royalties held by the Corporation, which includes a 2-percent gross sales royalty on uranium and a 2-percent net smelter return on other metals.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 8. SHARE CAPITAL

*Authorized*

Unlimited number of Common voting shares
Unlimited number of First Preferred shares
Unlimited number of Second Preferred shares

The First and Second Preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. The Corporation has not issued any First or Second Preferred shares.

*Issued and outstanding - Common shares*

| | As at January 31, 2008 | |
|---|---|---|
| | Number | Stated Value |
| | | $ |
| Balance, beginning of year | 28,787,825 | 25,886 |
| Exercise of stock options | 376,000 | 1,015 |
| Bought deal financing, net of share issue costs | 1,900,000 | 51,183 |
| Cancelled pursuant to normal course issuer bid | (101,400) | (93) |
| Balance, end of period | 30,962,425 | 77,991 |

On November 13, 2007, the Corporation closed a bought deal financing and issued 1,900,000 common shares at a price of $28 per share for gross proceeds of $53,200,000 net of issuance costs of $2,017,000. The offering was done by way of short-form prospectus.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

**8. SHARE CAPITAL (Continued)**

*Treasury shares*

| | As at January 31, 2008 | |
|---|---|---|
| | Number | Stated Value |
| | | $ |
| Balance, beginning of year | - | - |
| Shares repurchased during the period | 118,400 | 1,935 |
| Cancelled pursuant to normal course issuer bid | (101,400) | (1,608) |
| Balance, end of period | 17,000 | 327 |

*Net earnings per share*

Basic net earnings per share has been calculated using the weighted average number of common shares for the respective periods. Diluted net earnings per share has been calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options and warrants. There was no change in the numerator in calculating net earnings per share.

| | Three Months Ended January 31 | | Nine Months Ended January 31 | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Weighted average number of shares: | | | | |
| Basic | 30,645,289 | 28,785,195 | 29,464,234 | 28,804,825 |
| Diluted | 31,253,052 | 29,428,912 | 30,159,640 | 29,335,908 |

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 9. STOCK-BASED COMPENSATION

The Corporation has a stock option plan under which directors, officers, employees and consultants of the Corporation and of its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Corporation at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Corporation. Options granted under the plan generally have a term of five years but may not exceed five years and typically vest over a five–year period or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the stock exchange(s) on which the Corporation's common shares are then listed.

A summary of the status of the Corporation's stock option plan as of January 31, 2008 and changes during the period then ended is as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| | | $ |
| Outstanding, April 30, 2007 | 1,238,000 | 4.87 |
| Granted | 212,500 | 26.59 |
| Exercised | (376,000) | 2.07 |
| Forfeited | (20,000) | 5.62 |
| **Outstanding, January 31, 2008** | **1,054,500** | 10.23 |
| **Exercisable, January 31, 2008** | **464,750** | 7.50 |

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 9. STOCK-BASED COMPENSATION (Continued)

The following table summarizes information about stock options outstanding and exercisable at January 31, 2008:

| | Total Options Outstanding | | | Total Exercisable Options | | |
|---|---|---|---|---|---|---|
| Range | Outstanding Options | Average Remaining Contractual Life | Weighted Average Strike Price | Vested Options | Average Remaining Contractual Life | Weighted Average Strike Price |
| | | | $ | | | $ |
| $1.75 to $4.00 | 251,000 | 1.7 | 3.64 | 164,000 | 1.7 | 3.70 |
| $4.01 to $8.00 | 250,000 | 3.1 | 4.88 | 130,000 | 3.0 | 4.71 |
| $8.01 to $10.00 | 266,000 | 3.8 | 8.30 | 98,000 | 3.8 | 8.30 |
| $10.01 to $15.00 | 95,000 | 4.0 | 11.11 | 34,000 | 3.9 | 10.89 |
| $15.01 to $28.00 | 192,500 | 4.8 | 28.00 | 38,750 | 4.8 | 28.00 |
| Total | 1,054,500 | 3.3 | 10.23 | 464,750 | 2.9 | 7.50 |

## 10. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

The balances related to each component of accumulated other comprehensive earnings, net of related income taxes, are as follows:

| | Opening Balance May 1, 2007 | Transition amount May 1, 2007 | Net change | Ending Balance January 31, 2008 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Unrealized gain (loss) on the translation of financial statements of self-sustaining equity investment | 215 | - | (553) | **(338)** |
| Unrealized gains on available-for-sale investments | - | 101,115 | (82,896) | **18,219** |
| Unrealized gains (losses) on derivatives designated as cash flow hedges | - | (6,580) | 20,126 | **13,546** |
| | 215 | 94,535 | (63,323) | **31,427** |

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 11. SUPPLEMENTAL CASH FLOW INFORMATION

| | Three months ended January 31, | | Nine months ended January 31, | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| Income taxes paid | **5,070** | - | **29,214** | - |
| Non-cash items: | | | | |
| Receipt of available for sale financial assets in exchange for interests in mineral properties | **207** | - | **338** | - |

**Cash and cash equivalents consist of:**

| | **As at January 31, 2008** | As at April 30, 2007 |
|---|---|---|
| | **$** | $ |
| Deposits with banks | **3,446** | 2,397 |
| Short-term investments | **164,257** | 111,887 |
| | **167,703** | 114,284 |

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

## 12. RELATED PARTY TRANSACTIONS

The Corporation's related party transactions are as follows:

| | For the three months ended January 31 | | For the nine months ended January 31 | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **$** | $ | **$** | $ |
| Revenue from companies subject to significant influence | **6** | 25 | **30** | 248 |
| Consulting fees and related services and costs paid to a company controlled by a director, and reflected as: | | | | |
| Mineral properties and deferred exploration costs | **-** | 2 | **3** | 76 |
| Legal services received from a partnership, one of the partners of which is a director of the Corporation and reflected as: | | | | |
| Mineral properties and deferred exploration costs | **6** | 9 | **15** | 28 |
| General and administrative expenses | **16** | 8 | **26** | 25 |
| | **22** | 17 | **41** | 53 |

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 $31,000 (April 30, 2007 - $16,000) receivable from equity investments. The balances are receivable upon receipt of invoice.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation's manages these risks through prudent investment and business decisions, and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes.

Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met. The Corporation formally documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative used in the hedging transaction is highly effective in offsetting changes in the fair value or cash flow of the hedged item

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted below:

*Market value and commodity price risk*
The value of the Corporation's mining and mineral related investments companies are exposed to fluctuations in value depending on a number of factors, including the quoted market price and the market value of the commodities that the companies may focus on. Except as noted below, the Corporation does not utilize any derivative contracts to reduce this exposure.

The Corporation has entered into an equity forward pricing agreement to hedge the Corporation's exposure to expected future cash flows from the sale of 2,500,000 Aurora shares. This effectively locks in the value of these shares at the contractual rate. The Corporation applies hedge accounting to this relationship under the parameters described above.

*Foreign currency risk*
The Corporation is exposed to foreign currency fluctuations on a portion of its accounts receivable related to royalty revenue. The Corporation does not enter into any derivative contracts to reduce this exposure since the receivable is short-term in nature and the expected receivable amount can not be predicted reliably.

*Interest rate risk*
The Corporation's long-term debt has a fixed interest rate and therefore the expected payments are not exposed to interest rate fluctuations. However, the fair value of the debt will fluctuate with changes in the prevailing interest rates. In addition, the fair value of equity forward agreement and warrants will be affected by any interest rate fluctuations since the fair value is determined using net present value calculations. An increase to the interest rate or discount rate would result in a decrease in the fair value of the long-term debt, and the equity forward contract and an increase in the fair value of the warrants.

*Liquidity risk*
Given the relative size of some of the Corporation's investments compared to the normal trading volume of the underlying investments, the Corporation may be unable to sell its entire interest in an investment quickly at close to its fair value. The Corporation does not enter into any derivative contracts to reduce this exposure.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

*Credit risk*

The Corporation is exposed to credit-related losses in the event of non-performance by the counter-party to the equity forward agreement but does not expect the counter-party to fail to meet its obligation.

The Corporation's cash and marketable securities include guaranteed investment certificates, bankers' acceptances and bankers' depository notes with major Canadian chartered banks with various maturity dates not exceeding 90 days. The Corporation does not expect any credit losses on these marketable securities.