



ALTIUS MINERALS CORPORATION

Consolidated Financial Statements

(Unaudited)

For the three and nine months ended

January 31, 2008 and 2009



ALTIUS MINERALS CORPORATION

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ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

(Unaudited)

(In thousands of dollars)

	As at <u>January 31, 2009</u> \$	As at <u>April 30, 2008</u> \$
Assets		
Current assets		
Cash and cash equivalents	115,162	168,172
Fixed income securities	44,205	-
Accounts receivable and prepaid expenses	2,319	1,613
Income taxes receivable	-	6,668
	<u>161,686</u>	<u>176,453</u>
Mineral properties and deferred exploration costs (Note 4)	7,483	3,538
Royalty interest in mineral property	11,787	12,469
Property and equipment	387	165
Fair value of share purchase warrants	-	13
Equity investments and loans (Note 5)	5,805	6,876
Mining and mineral related investments (Note 6)	4,482	20,421
Fair value of equity forward instrument	-	30,335
Future income taxes	3,523	-
	<u>195,153</u>	<u>250,270</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	812	977
Income taxes payable	6,513	-
Future income taxes	579	835
	<u>7,904</u>	<u>1,812</u>
Deferred option payments	1,094	1,021
Future income taxes	-	3,021
Long-term debt	-	38,115
	<u>8,998</u>	<u>43,969</u>
Shareholders' Equity	<u>186,155</u>	<u>206,301</u>
	<u>195,153</u>	<u>250,270</u>

Contingent liability (Note 15)

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

(Unaudited)

(In thousands of dollars, except per share amounts)

	Three months ended		Nine months ended	
	January 31,		January 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Revenue				
Interest	1,384	2,293	3,916	5,096
Royalty	689	1,331	3,330	4,110
Other	36	139	204	253
	2,109	3,763	7,450	9,459
Expenses				
General and administrative	707	407	1,789	1,734
Royalty tax	138	157	666	628
Amortization	251	220	731	591
Stock-based compensation (Note 8)	208	549	648	782
Mineral properties abandoned or impaired (Note 4)	220	108	499	383
	1,524	1,441	4,333	4,118
Earnings before the following	585	2,322	3,117	5,341
Interest and financing charges	(313)	(394)	(1,334)	(1,256)
Gain on disposal of mining and mineral related investments	-	-	-	61,632
Gain on settlement of equity forward (Note 9)	38,180	-	38,180	-
Dilution gain on issuance of shares by equity investment	-	-	-	2,369
Write-down of investments (Note 6)	-	-	(2,755)	-
Share of (loss) in equity investments	(149)	(190)	(326)	(517)
Change in fair value of share purchase warrants	-	(352)	(14)	(827)
Investment income and other	-	-	-	280
Earnings before income taxes	38,303	1,386	36,868	67,022
Income taxes				
current	6,637	107	6,535	13,248
future	42	675	352	(327)
	6,679	782	6,887	12,921
Net earnings	31,624	604	29,981	54,101
Net earnings per share (Note 7)				
- basic	1.11	0.02	1.01	1.84
- diluted	1.11	0.02	1.00	1.79

see accompanying notes to the unaudited consolidated financial statements



ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(unaudited)

(In thousand of dollars)

	For the three months ended January 31,		For the Nine months ended January 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Operating activities				
Net earnings	31,624	604	29,981	54,101
Items not affecting cash (Note 11)	(37,251)	2,373	(31,775)	(60,394)
	(5,627)	2,977	(1,794)	(6,293)
Change in non-cash operating working capital (Note 11)	8,108	(5,001)	12,265	(16,049)
	2,481	(2,024)	10,471	(22,342)
Financing activities				
Proceeds from issuance of share capital	150	50,238	292	50,867
Repurchase of common shares	(3,102)	(327)	(15,214)	(1,935)
	(2,952)	49,911	(14,922)	48,932
Investing activities				
Proceeds from disposal of investments	-	-	-	77,138
Mineral properties and deferred exploration costs, net of recoveries	(614)	(99)	(4,118)	(1,086)
Net change in fixed income securities	(6,973)	-	(44,205)	-
Investment in equity - accounted investment	-	(15,521)	-	(19,113)
Advance to equity - accounted investment	-	(30,093)	-	(30,093)
Acquisition of property and equipment	(3)	(4)	(271)	(20)
Other investing	(1)	14	35	3
	(7,591)	(45,703)	(48,559)	26,829
Net increase (decrease) in cash and cash equivalents	(8,062)	2,184	(53,010)	53,419
Cash and cash equivalents, beginning of period	123,224	165,519	168,172	114,284
Cash and cash equivalents, end of period	115,162	167,703	115,162	167,703
Cash and cash equivalents consist of:				
Deposits with banks			180	3,446
Short-term investments			114,982	164,257
			115,162	167,703

Supplemental cash flow information (Note 11)

see accompanying notes to the unaudited consolidated financial statements



ALTIUS MINERALS CORPORATION

Consolidated Statements of Shareholders' Equity

(Unaudited)

(In thousands of dollars, except share amounts)

Nine months ended January 31, 2009:

	<u>Common Shares</u>		<u>Treasury Shares</u>		<u>Contributed Surplus</u>	<u>Accumulated Other Comprehensive Earnings (Note 10)</u>	<u>Retained Earnings</u>	<u>Total Shareholders' equity</u>
	#	\$	#	\$	\$	\$	\$	\$
Balance at beginning of period	30,925,725	77,933	-	-	2,197	29,829	96,342	206,301
Comprehensive earnings:								
Net earnings	-	-	-	-	-	-	29,981	29,981
Currency translation adjustment (net of income taxes of \$123)	-	-	-	-	-	(621)	-	(621)
Net unrealized losses on available-for-sale investments (net of income taxes of \$1,467)	-	-	-	-	-	(7,416)	-	(7,416)
Reclassification adjustment for gains on available-for-sale investments recognized in net earnings (net of income taxes of \$556)	-	-	-	-	-	(2,812)	-	(2,812)
Unrealized gain on derivative financial instrument designated as a cash flow hedge (net of income taxes of \$1,303)	-	-	-	-	-	6,593	-	6,593
Reclassification adjustment for gain on derivative financial instrument designated as a cash flow hedge recognized in net earnings (net of income taxes of \$6,308)	-	-	-	-	-	(31,923)	-	(31,923)
Total comprehensive earnings (loss)								(6,198)
Shares repurchased under normal course issuer bid	(2,629,530)	(6,638)	(30,000)	(135)	-	-	(8,441)	(15,214)
Stock based compensation	-	-	-	-	648	-	-	648
Stock based compensation applied to mineral properties	-	-	-	-	326	-	-	326
Shares issued under stock option plan	85,000	484	-	-	(192)	-	-	292
Balance at end of period	28,381,195	71,779	(30,000)	(135)	2,979	(6,350)	117,882	186,155

see accompanying notes to the unaudited consolidated financial statements



ALTIUS MINERALS CORPORATION

Consolidated Statements of Shareholders' Equity (continued)

(Unaudited)

(In thousands of dollars, except share amounts)

Nine months ended January 31, 2008:

	<u>Common Shares</u>		<u>Treasury Shares</u>		<u>Contributed</u>	<u>Accumulated Other</u>	<u>Retained</u>	<u>Total</u>
	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>	<u>Surplus</u>	<u>Earnings</u>	<u>Earnings</u>	<u>Shareholders' equity</u>
					<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance at beginning of period	28,787,825	25,886	-	-	1,312	215	85,779	113,192
Accounting change	-	-	-	-	-	94,534	841	95,375
Adjusted balance beginning of period	28,787,825	25,886	-	-	1,312	94,749	86,620	208,567
Comprehensive earnings:								
Net earnings	-	-	-	-	-	-	54,101	54,101
Currency translation adjustment (net of income taxes of \$114)	-	-	-	-	-	(553)	-	(553)
Net unrealized losses on available-for-sale investments (net of income taxes of \$6,504)	-	-	-	-	-	(31,200)	-	(31,200)
Reclassification adjustment for disposals of available-for-sale investments included in net earnings (net of income taxes of \$10,487)	-	-	-	-	-	(51,695)	-	(51,695)
Unrealized gain on derivative financial instrument designated as a cash flow hedge (net of income taxes of \$3,977)	-	-	-	-	-	20,126	-	20,126
Total comprehensive earnings (loss)								(9,221)
Shares repurchased under normal course issuer bid	(101,400)	(93)	(17,000)	(327)	-	-	(1,515)	(1,935)
Stock based compensation	-	-	-	-	782	-	-	782
Stock based compensation applied to mineral properties	-	-	-	-	139	-	-	139
Shares issued under bought deal financing	1,900,000	51,183	-	-	-	-	-	51,183
Exercise of stock options	376,000	1,015	-	-	(238)	-	-	777
Balance at end of period	30,962,425	77,991	(17,000)	(327)	1,995	31,427	139,206	250,292

see accompanying notes to the unaudited consolidated financial statements



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(Unaudited)

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

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. 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 2008 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, 2008 annual consolidated financial statements. The disclosures in the unaudited consolidated financial statements do not conform in all material respects to the requirements of Canadian generally accepted accounting principles for annual consolidated financial statements.

3. ADOPTION OF NEW ACCOUNTING POLICIES

Financial Instruments – Disclosures and Financial Instruments – Presentation

Handbook sections entitled "Financial Instruments – Disclosures" (section 3862) and "Financial Instruments – Presentation" (section 3863), replaced "Financial Instruments – Disclosure and Presentation" (section 3861). The new disclosures standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements and is effective for the Corporation's interim and annual reporting periods beginning May 1, 2008. The new disclosure is included in note 13 to the unaudited consolidated financial statements.

Capital Disclosures

CICA Handbook section entitled "Capital Disclosures" (section 1535) was adopted by the Corporation effective May 1, 2008. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Corporation's objectives, policies and processes for managing capital. This new disclosure is included in note 14 to the unaudited consolidated financial statements.



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(Unaudited)

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

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Location	Primary Metal	Number of Claims	As at April 30, 2008	Net Additions	Abandoned or Impaired	As at January 31, 2009
			\$	\$	\$	\$
Labrador						
	Base metals	2,764	130	459	-	589
	Iron Ore	2,023	391	1,911	(3)	2,299
	Nickel	1,190	331	160	(250)	241
	Other	-	1	(1)	-	-
	Silica	29	1	3	(4)	-
	Uranium	1,908	296	77	(14)	359
		7,914	1,150	2,609	(271)	3,488
Newfoundland						
	Base metals	390	425	-	-	425
	Gold	294	140	34	(2)	172
	Nickel	45	89	12	(8)	93
	Potash	1,850	26	10	-	36
	Uranium	7,834	550	702	(28)	1,224
		10,413	1,230	758	(38)	1,950
New Brunswick - Oil shale						
		-	481	909	-	1,390
Nova Scotia - Potash						
		-	-	37	-	37
Security deposits						
		-	677	61	(120)	618
General exploration						
		-	-	70	(70)	-
Grand total						
		18,327	3,538	4,444	(499)	7,483



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(Unaudited)

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

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Continued)

Location	Primary Metal	Number of Claims	As at April 30, 2007	Net Additions	Abandoned or Impaired	As at April 30, 2008
			\$	\$	\$	\$
Labrador						
	Base metals	1,611	50	80	-	130
	Iron Ore	869	58	333	-	391
	Nickel	1,417	45	325	(39)	331
	Uranium	2,754	232	64	-	296
	Silica	77	-	1	-	1
	Other	-	-	1	-	1
		6,728	385	804	(39)	1,150
Newfoundland						
	Base metals	390	577	(27)	(125)	425
	Gold	431	100	83	(43)	140
	Nickel	112	86	158	(155)	89
	Uranium	11,227	369	273	(92)	550
	Potash	1,453	-	26	-	26
		13,613	1,132	513	(415)	1,230
New Brunswick - Oil shale						
		-	105	376	-	481
	Security deposits	-	323	354	-	677
	General exploration	-	-	95	(95)	-
	Grand total	20,341	1,945	2,142	(549)	3,538



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements For the three and nine months ended January 31, 2009 and 2008 (Unaudited)

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

5. EQUITY INVESTMENTS AND LOANS

	As at January 31, <u>2009</u> \$	As at April 30, <u>2008</u> \$
Investment in Rambler Metals and Mining plc, (percentage ownership: 20.2%) (market value: January 2009 - \$1.7 million; April 2008 - \$11.5 million)	5,805	6,876
Investment in Newfoundland and Labrador Refining Corporation ("NLRC"), (percentage ownership: 39.6%)	-	-
Non-interest bearing demand loan to NLRC, secured by a first charge on the assets, convertible into 1,440,000 common shares at the option of the Corporation (4.6% increase in ownership if exercised)	30,093	30,093
Less provision for demand loan impairment	(30,093)	(30,093)
	<u>5,805</u>	<u>6,876</u>

Newfoundland and Labrador Refining Corporation

On June 18, 2008, SNC Lavalin, a contractor providing environmental and engineering services to NLRC, served NLRC with a notice of proceedings in the Supreme Court of Newfoundland and Labrador to have NLRC adjudged bankrupt. In response to this filing, NLRC sought and was granted creditor protection under the Bankruptcy and Insolvency Act ("BIA") on June 24, 2008

At October 17, 2008, NLRC submitted a proposal to the creditors for a maintenance and care plan for up to 36 months. Under the maintenance and care plan, it was proposed that ongoing costs be kept to a minimum and that all refinery permits would be kept in good standing until such time as the project can be sold or financed when economic conditions improve. In addition, all creditors' claims would be deferred until the end of the maintenance and care period or until the project obtains financing. Following the vote by creditors on the proposal on November 6, 2008, the trustee indicated that the outcome of the vote will depend on the legitimacy of claim amounts submitted as part of the voting procedure and, therefore, recessed to evaluate the various claim amounts. We understand this evaluation process to be ongoing.



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(Unaudited)

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

6. MINING AND MINERAL RELATED INVESTMENTS

	As at January 31, <u>2009</u> \$	As at April 30, <u>2008</u> \$
Aurora Energy Resources Inc. (2,500,000 shares; Cost - \$1.0 million)	-	8,700
Other mining related portfolio investments (Cost: \$10.9 million; April 2008 \$13.6 million)	<u>4,482</u>	11,721
	<u>4,482</u>	<u>20,421</u>

Aurora Energy Resources Inc.

During the current quarter the Corporation transferred ownership of its remaining 2,500,000 shares in Aurora to the counterparty in settlement of the equity forward contract. See note 9 for additional information on the settlement of the equity forward contract. During the nine months ended January 31, 2008, the Corporation sold 4,039,900 shares in Aurora for net proceeds of \$59,945,000 and realized a gain on disposal of \$58,317,000.

Other Mining and Mineral Related Investments.

Other mining and mineral related investments are reviewed quarterly for possible other-than-temporary impairments in value. In light of recent economic conditions and the widespread adverse impact upon equity markets, the Corporation recorded an impairment charge of \$2,755,000 on its mining and mineral related investments during the nine months ended January 31, 2009.



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements

For the three and nine months ended January 31, 2009 and 2008

(Unaudited)

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

7. NET EARNINGS PER SHARE

Basic net earnings per share was calculated using the weighted average number of common shares for the respective periods. The diluted net earnings per share was calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options.

	Three months ended January 31		Nine months ended January 31	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Weighted average number of shares:				
Basic	28,415,966	30,645,289	29,675,663	29,464,234
Diluted	28,462,565	31,253,052	29,839,677	30,159,640



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements For the three and nine months ended January 31, 2009 and 2008 (Unaudited)

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

8. STOCK-BASED COMPENSATION

The Corporation has a stock option plan under which directors, officers and employees of the Corporation and of its subsidiaries are eligible to receive stock options.

A summary of the status of the Corporation's stock option plan as of January 31, 2009 and changes during the period then ended is as follows:

	Number of Options	Weighted Average Exercise Price
		\$
Outstanding, April 30, 2008	1,038,500	10.34
Granted	365,000	5.60
Exercised	(85,000)	3.43
Outstanding, January 31, 2009	1,318,500	9.47
Exercisable, January 31, 2009	695,750	8.52

The following table summarizes information about stock options outstanding and exercisable at January 31, 2009:

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
			\$			\$
\$3.00 to \$4.00	165,000	0.8	3.85	151,000	0.8	3.86
\$4.01 to \$8.00	600,000	3.6	5.33	260,250	2.9	5.07
\$8.01 to \$10.00	266,000	2.8	8.30	154,000	2.8	8.30
\$10.01 to \$15.00	95,000	2.9	11.11	53,000	2.9	10.97
\$15.01 to \$28.00	192,500	3.7	28.00	77,500	3.7	28.00
Total	1,318,500	3.1	9.47	695,750	2.6	8.52



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements For the three and nine months ended January 31, 2009 and 2008 (Unaudited)

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

9. SETTLEMENT OF EQUITY FORWARD AGREEMENT

During the current quarter the Corporation wound up its equity forward agreement contract by transferring ownership of its 2,500,000 remaining Aurora shares. The deemed proceeds from the investment and the equity forward agreement was applied to repay the zero-coupon loan in full with no net cash flow impact. The calculation of the gain and the application of the deemed proceeds are indicated in the table below:

	<u>Equity Forward</u> <u>Contract</u> \$	<u>Investment in</u> <u>Aurora</u> <u>(2,500,000</u> <u>shares)</u> \$	<u>Zero-Coupon</u> <u>Loan</u> \$	<u>TOTAL</u> \$
Deemed proceeds (mark to market value)	38,231	4,375	(42,606)	-
Cost base (amortized value)	-	1,007	(39,187)	(38,180)
Gain (Loss)	38,231	3,368	(3,419)	38,180

10. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

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

	<u>As at</u> <u>January 31, 2009</u> \$	<u>As at</u> <u>April 30, 2008</u> \$
Unrealized (loss) on the translation of financial statements of self-sustaining equity investment	(976)	(355)
Unrealized gains (losses) on available-for-sale investments	(5,374)	4,854
Unrealized gain on derivative designated as cash flow hedge	-	25,330
	(6,350)	29,829



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Notes to the Consolidated Financial Statements

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

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended		Nine months ended	
	January, 31		January, 31	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Items not affecting cash:				
Mineral properties abandoned or impaired	220	108	499	383
Stock-based compensation	208	549	648	782
Amortization	251	220	731	591
Gain on disposal of mining and mineral related investments	-	-	-	(61,632)
Gain on settlement of equity forward agreement (Note 9)	(38,180)	-	(38,180)	-
Gain on disposal of mineral property	-	-	-	(220)
Non - cash interest and financing charges	59	394	1,080	1,169
Write-down of investments	-	-	2,755	
Dilution gain on issuance of shares by equity investment	-	-	-	(2,369)
Share of loss in equity investments	149	190	326	517
Change in fair value of share purchase warrants	-	352	14	827
Receipt of available for sale investments	-	(115)	-	(115)
Future income taxes	42	675	352	(327)
	(37,251)	2,373	(31,775)	(60,394)
Change in non-cash operating working capital:				
Accounts receivable and prepaid expenses	1,883	58	(751)	396
Accounts payable and accrued liabilities	(412)	(96)	(165)	(479)
Corporate income taxes payable and receivable	6,637	(4,963)	13,181	(15,966)
	8,108	(5,001)	12,265	(16,049)
Income taxes received (paid)	-	(5,070)	6,646	(29,214)



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements

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(Unaudited)

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

11. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

	Three months ended		Nine months ended	
	January, 31		January, 31	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Non-cash items:				
Stock based compensation capitalized	70	114	326	139
Receipt of available-for-sale financial assets in exchange for interests in mineral properties	4	207	73	338



ALTIUS MINERALS CORPORATION

Notes to the Consolidated Financial Statements For the three and nine months ended January 31, 2009 and 2008 (Unaudited)

(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:

	Three months ended		Nine months ended	
	January 31,		January 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Revenue from companies subject to significant influence	6	6	18	30
Consulting fees and related services and costs paid to a company controlled by a director, and reflected as mineral properties and deferred exploration costs	-	-	13	3
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	19	6	38	15
General and administrative expenses	21	16	22	26
	40	22	60	41

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 NLRC of \$2,400 after adjusting for an allowance for doubtful accounts of \$6,400 (April 30, 2008 - \$45,000 after adjusting for an allowance for doubtful accounts of \$6,400).

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 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 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.



ALTIUS MINERALS CORPORATION

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For the three and nine months ended January 31, 2009 and 2008

(Unaudited)

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

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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 is exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, company-specific operating performance 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.

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 without having an adverse effect on the fair value of the security. The Corporation does not enter into any derivative contracts to reduce this exposure.

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 cannot be predicted reliably.

Liquidity risk

The Corporation believes that on a long-term basis its revenue generating assets and net working capital position will enable it to meet current and future obligations at the current level of activity. This conclusion could change with a significant change in the operations of the Corporation or from other developments.

Credit risk

The Corporation has some credit risk with accounts receivable balances owing from earn-in partners but the amount is not considered significant.

The Corporation's cash, marketable securities, and fixed income securities are distributed among government guaranteed instruments and investment grade commercial paper. All funds are held in fully segregated accounts and include only Canadian dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.



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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Sensitivity Analysis

The Corporation has mining and mineral investments that are marked to fair market value at each reporting period, with a corresponding adjustment to other comprehensive earnings for increases in value and for other temporary declines in value. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are "reasonably possible" over a twelve month period:

The Corporation's mining and mineral related investments sensitivity to a +/- 20% movement in quoted market prices would affect comprehensive earnings by \$749,000, net of applicable taxes.

14. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to minimize shareholder dilution while maximizing shareholder return. The Corporation also believes it should maintain sufficient capital for potential investment opportunities and to pursue generative exploration opportunities. The Corporation manages its capital by repurchasing its common shares under its normal course issuer bid to offset the dilutive effect of its stock option plan. Where it believes the current share price does not reflect the true value, the Corporation may repurchase additional shares to enhance the value to existing shareholders. In addition, the Corporation may from time to time issue new shares to fund specific project initiatives, and may consider dividend distributions to shareholders at a future date.

The Corporation is not subject to any external capital requirements.

15. 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 also 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.