

ALTIUS MINERALS CORPORATION

INTERIM FINANCIAL STATEMENTS

For the quarter ended October 31, 2003

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

	Unaudited October 31 2003	Audited April 30 2003
Assets		
Current assets		
Cash and cash equivalents	\$ 600,895	\$ 516,338
Marketable securities (Market value - \$ 1,009,910; April 30, 2003 – \$1,450,446)	950,446	1,450,446
Accounts receivable	439,123	361,489
Government grants receivable	215,114	-
Prepaid expenses	<u>6,445</u>	<u>22,820</u>
	2,212,023	2,351,093
Mineral properties and deferred exploration costs (schedule)	1,147,353	854,227
Investments (notes 2 and 4)	10,610,799	42,500
Property and equipment	<u>58,263</u>	<u>54,197</u>
	<u>\$ 14,028,438</u>	<u>\$ 3,302,017</u>
Liabilities		
Current liabilities		
Bank overdraft	\$ 467,725	\$ 334,117
Accounts payable and accrued liabilities	<u>580,741</u>	<u>133,970</u>
	<u>1,048,466</u>	<u>468,087</u>
Shareholders' Equity		
Share capital (note 3)	14,311,369	4,657,599
Contributed surplus (notes 3 and 4)	927,240	55,500
Deficit	<u>(2,258,637)</u>	<u>(1,879,169)</u>
	<u>12,979,972</u>	<u>2,833,930</u>
	<u>\$ 14,028,438</u>	<u>\$ 3,302,017</u>

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St. John's, Newfoundland and Labrador
December 18, 2003

Sharon M. Dunn
Chartered Accountant

ALTIUS MINERALS CORPORATION

Consolidated Statements of Loss and Deficit

	Three Months Ended October 31		Six Months Ended October 31	
	2003	2002	2003	2002
Interest income	\$ <u>15,407</u>	\$ <u>19,413</u>	\$ <u>35,962</u>	\$ <u>37,119</u>
Expenses				
General and administrative	198,085	97,443	266,203	129,849
Mineral properties abandoned or impaired	138,327	160	140,614	160
Stock-based compensation costs (note 3 (e))	-	55,500	-	55,500
Amortization	<u>4,378</u>	<u>2,879</u>	<u>9,613</u>	<u>5,449</u>
	<u>340,790</u>	<u>155,982</u>	<u>416,430</u>	<u>190,958</u>
Loss before the following	(325,383)	(136,569)	(380,468)	(153,839)
Gain on disposal of marketable securities	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Net loss	(324,383)	(136,569)	(379,468)	(153,839)
Deficit, beginning of period	<u>(1,934,254)</u>	<u>(1,350,683)</u>	<u>(1,879,169)</u>	<u>(1,333,413)</u>
Deficit, end of period	<u>\$ (2,258,637)</u>	<u>\$ (1,487,252)</u>	<u>\$ (2,258,637)</u>	<u>\$ (1,487,252)</u>
Net loss per share (basic and diluted)	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

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ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flow

	Three Months Ended October 31		Six Months Ended October 31	
	2003	2002	2003	2002
Operating activities				
Net loss	\$(324,383)	\$(136,569)	\$(379,468)	\$(153,839)
Items not affecting cash				
Cost of mineral properties abandoned or impaired	138,327	160	140,614	160
Amortization	4,378	2,879	9,613	5,449
Gain on disposal of marketable securities	(1,000)	-	(1,000)	-
Stock-based compensation costs	<u>55,500</u>	<u>55,500</u>	<u>55,500</u>	<u>55,500</u>
	(182,678)	(78,030)	(230,241)	(92,730)
Change in non-cash working capital balances related to operating activities	<u>69,768</u>	<u>23,589</u>	<u>48,771</u>	<u>(1,761)</u>
	<u>(112,910)</u>	<u>(54,441)</u>	<u>(181,470)</u>	<u>(94,491)</u>
Financing activities (note 5)				
Proceeds from issuance of shares, net of issuance cost	93,591	24,240	9,903,010	995,241
Change in non-cash working capital balances related to financing activities	<u>(36,312)</u>	<u>2,766</u>	<u>(23,301)</u>	<u>41,800</u>
	<u>57,279</u>	<u>27,006</u>	<u>9,879,709</u>	<u>1,037,041</u>
Investing activities (note 5)				
Acquisition of marketable securities	-	(7,414)	-	(1,001,586)
Proceeds from disposal of marketable securities	501,000	-	501,000	-
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(299,843)	(19,338)	(448,740)	(71,880)
Acquisition of investment in limited partnership	(5,631)	-	(9,930,799)	-
Acquisition of equipment	(6,903)	(5,718)	(13,679)	(12,760)
Change in non-cash working capital balances related to investing activities	<u>(141,426)</u>	<u>(192,744)</u>	<u>144,928</u>	<u>(349,083)</u>
	<u>47,197</u>	<u>(225,214)</u>	<u>(9,747,290)</u>	<u>(1,435,309)</u>
Net (decrease) in cash and cash equivalents	(8,434)	(252,649)	(49,051)	(492,759)
Cash and cash equivalents, beginning of period	<u>141,604</u>	<u>(176,266)</u>	<u>182,221</u>	<u>63,844</u>
Cash and cash equivalents, end of period	<u>\$ 133,170</u>	<u>\$ (428,915)</u>	<u>\$ 133,170</u>	<u>\$ (428,915)</u>
Cash and cash equivalents consists of:				
Term deposits/bankers' acceptances	\$ 600,895	\$ -	\$ 600,895	\$ -
Bank overdraft	<u>(467,725)</u>	<u>(428,915)</u>	<u>(467,725)</u>	<u>(428,915)</u>
	<u>\$ 133,170</u>	<u>\$ (428,915)</u>	<u>\$ 133,170</u>	<u>\$ (428,915)</u>

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ALTIUS MINERALS CORPORATION**Consolidated Schedule of Mineral Properties and Deferred Exploration Costs****Six Months Ended October 31, 2003**

	Balance April 30, 2003	Net Additions	Abandoned or impaired	Balance October 31, 2003
Rambler	\$ 141,706	\$ 207,694	\$ -	\$ 349,400
South Tally Pond	79,736	20,886	-	100,622
Twilite	59,989	40,302	-	100,291
Baie d'Espoir	82,557	6,031	-	88,588
Central Mineral Belt – Labrador	13,212	71,840	(500)	84,552
Lockport	65,375	-	-	65,375
Labrador West	4,581	43,324	-	47,905
Shamrock	39,276	2,346	-	41,622
Butler's Pond	34,360	5,696	-	40,056
Taylor Brook	20,850	7,074	-	27,924
Point Leamington	26,477	687	-	27,164
West Coast	10,553	2,134	-	12,687
Merasheen	1,871	9,118	-	10,989
Miguel's Trend	-	8,131	(450)	7,681
Bay D'Norde	-	7,279	-	7,279
Rocky Brook	23,251	(16,474)	-	6,777
Flint Cove	4,639	-	-	4,639
Montgomery Lake	-	4,426	-	4,426
Martin Lake	-	4,189	-	4,189
Victoria River	2,984	749	-	3,733
Mustang Trend	775	-	-	775
Oil Islands	400	-	-	400
Robert's Arm	1	-	-	1
Wild Cove	1	-	-	1
Exploit's River	19,593	13,255	(32,848)	-
Moosehead	14,711	(14,711)	-	-
Cross Hills	103,615	1,414	(105,029)	-
Bishop's Falls	1,976	(1,976)	-	-
Labrador East	1,239	(1,239)	-	-
General exploration	-	1,737	(1,737)	-
Security deposits	100,499	9,828	(50)	110,277
	\$ 854,227	\$ 433,740	\$ (140,614)	\$1,147,353

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ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2003

1. Basis of presentation

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the fiscal 2003 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. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the April 30, 2003 annual consolidated financial statements.

2. Investments

	October 31 2003	April 30 2003
Investment in Labrador Nickel Royalty Limited Partnership – 750,000 units representing a 7.5% interest, at cost (note 4)	\$ 10,553,299	\$ -
Portfolio investments, at cost (market value \$208,750; April 30, 2003 - \$20,500)	<u>57,500</u>	<u>42,500</u>
	<u>\$ 10,610,799</u>	<u>\$ 42,500</u>

Portfolio investments were received as partial consideration for the grant of options to third parties for the purchase of mineral claims.

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ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2003

3. Share capital

(a) 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.

(b) Issued – Common shares

	Number	Stated Value
Balance, April 30, 2003	16,719,534	\$ 4,657,599
Pursuant to a private placement offering [note 3 (c)]	6,250,000	10,000,000
Exercise of warrants [note 3 (d)]	515,000	653,000
Exercise of stock options	<u>170,000</u>	<u>72,550</u>
	<u>23,654,534</u>	15,383,149
Less: Share issuance costs		<u>1,071,780</u>
		<u>\$ 14,311,369</u>

- (c) Pursuant to a private placement offering in July, 2003, the Corporation issued 6,250,000 units at \$1.60 per unit for aggregate proceeds of \$10,000,000. Each unit consists of one common share and one half of a common share purchase warrant. One whole warrant entitles the holder to purchase one common share at \$2.00 per share until July 11, 2005. As of October 31, 2003, no warrants have been exercised.

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October 31, 2003

3. Share capital

The Corporation paid a cash commission of \$694,400 to the agents for placing the units. The Corporation also issued 372,000 warrants to the agents, with each warrant entitling the holder to purchase one common share at \$2.00 per share until July 11, 2005. The fair value of the warrants issued to the agents was estimated to be \$249,240, using the Black-Scholes model with the following assumptions:

Expected life (years)	2
Risk-free interest rate (%)	3.15
Expected volatility (%)	75
Expected dividends (\$/share)	-

This amount of \$249,240 has been included in share issuance costs with a corresponding amount reflected as contributed surplus. As of October 31, 2003, no warrants have been exercised.

- (d) The warrants exercised in the six months ended October 31, 2003 included 65,000 flow-through warrants, resulting in the issuance of 65,000 flow-through common shares at \$1.20 per share, for aggregate proceeds of \$78,000. During the year ended April 30, 2003, 135,000 flow-through warrants were exercised, resulting in the issuance of 135,000 flow-through common shares at \$1.20 per share, for aggregate proceeds of \$162,000.

In accordance with the terms of the offering and pursuant to certain provisions of the Income Tax Act (Canada), the Corporation renounced for income tax purposes, exploration expenditures in the amount of \$162,000, effective December 31, 2002. The Corporation has expended \$240,000 on exploration as of October 31, 2003. The Corporation will renounce exploration expenditures in the amount of \$78,000 effective December 31, 2003.

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October 31, 2003

3. Share capital

- (e) During the six months ended October 31, 2003 there were no stock options issued to directors and employees (six months ended October 31, 2002 – options to purchase 370,000 common shares at \$1.35 per share). The options vest immediately. On a pro-forma basis, had the compensation costs for the stock options issued to directors and employees been recorded based on the fair value method, the Company's net loss and net loss per share would have been as follows:

	Three Months Ended October 31		Six Months Ended October 31	
	2003	2002	2003	2002
Compensation costs	\$ -	\$ 410,700	\$ -	\$ 410,700
Net loss				
As reported	(324,383)	(136,569)	(379,468)	(153,839)
Pro-forma	(324,383)	(547,269)	(379,468)	(564,539)
Net loss per share (basic and diluted)				
As reported	(0.01)	(0.01)	(0.02)	(0.01)
Pro-forma	(0.01)	(0.03)	(0.02)	(0.03)

The fair market value of the stock options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	October 31	
	2003	2002
Fair value options granted (\$/share)	-	1.35
Expected life (years)	-	5
Risk-free interest rate (%)	-	3.98
Expected volatility (%)	-	106
Expected dividends (\$/share)	-	-

The Company accounts for stock options granted to external consultants using the fair value method. For the six months ended October 31, 2003, \$nil (2002 - \$55,500) in compensation expense was recorded and credited to contributed surplus.

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ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

October 31, 2003

3. Share capital

- (f) 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 vest 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 policy or 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 October 31, 2003 and changes during the period then ended is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, April 30, 2003	1,180,000	\$ 0.84
Exercised	<u>(170,000)</u>	0.43
Outstanding and exercisable, October 31, 2003	<u>1,010,000</u>	\$ 0.91

Exercise Price	Number	Weighted Average Remaining Contractual Life
\$0.35	140,000	.52 years
\$0.55	405,000	2.77
\$1.35	415,000	3.89
\$1.75	<u>50,000</u>	<u>4.28</u>
	<u>1,010,000</u>	<u>2.87</u> years

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Notes to Consolidated Financial Statements

October 31, 2003

4. Investment in Labrador Nickel Royalty Limited Partnership

On July 10, 2003, the Corporation acquired 750,000 Class B units, representing a 7.5% limited partnership interest, in the newly formed Labrador Nickel Royalty Limited Partnership, for cash consideration of \$9,750,000 and the issuance of 750,000 share purchase warrants. Each warrant entitles the holder to purchase one common share as follows:

500,000 warrants at \$2.00 per share to December 31, 2006; 250,000 warrants at \$2.50 per share to December 31, 2003, \$3.00 per share thereafter to December 31, 2004, \$3.50 per share thereafter to December 31, 2005, and \$4.00 per share thereafter to December 31, 2006.

The fair value of the warrants issued is estimated to be \$622,500 using the Black-Scholes model with the following assumptions:

Expected life (years)	3.5
Risk-free interest rate (%)	3.52
Expected volatility (%)	79
Expected dividends (\$/share)	-

The amount of \$622,500 is reflected as a cost of the interest in the Limited Partnership. A corresponding amount has been reflected as contributed surplus until the warrants are exercised or until expiry.

The Labrador Nickel Royalty Limited Partnership acquired a 100% interest in the 3% net smelter returns royalty (NSR) in respect of production from the Voisey's Bay Mine in the Province of Newfoundland and Labrador from the general partner on July 10, 2003. The general partner holds 9,250,000 Class A units in the Limited Partnership, representing a 92.5% interest.

The Corporation has the right to acquire from the general partner an additional 2.5% interest in the Limited Partnership on or before December 31, 2006. The exercise price for the additional 2.5% interest varies on a quarterly basis commencing on August 15, 2003 with an exercise price of \$2,238,750 USD and escalating to \$3,019,250 USD on November 15, 2006. The purchase price is payable in Canadian dollars with the exercise price converted to Canadian dollars based on the preceding 30 day average of the Canada/United States currency exchange ratio.

Voisey's Bay Nickel Company Limited, developer of the Voisey's Bay project, has been granted a right of first offer with respect to a disposition of any interest in the Limited Partnership, excluding the right of the Corporation to acquire an additional 2.5% interest, as referred to in the previous paragraph.

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ALTIUS MINERALS CORPORATION
Notes to Consolidated Financial Statements
October 31, 2003

5. Investing and Financing – Non-Cash Transactions

	Three Months Ended		Six Months Ended	
	October 31		October 31	
	2003	2002	2003	2002
Items not involving cash:				
The acquisition of investments as partial consideration for option payments received on mineral properties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 42,500</u>
The acquisition of mineral properties in exchange for common shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,250</u>
Contributed surplus recognized upon the issuance of stock options to a non-employee	<u>\$ -</u>	<u>55,500</u>	<u>\$ -</u>	<u>\$ 55,500</u>
Contributed surplus recognized upon the issuance of stock warrants to a non-employee (agent) as partial consideration for private placement share issuance costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,240</u>	<u>\$ -</u>
Contributed surplus recognized upon the issuance of stock warrants as partial consideration for acquisition of investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,500</u>	<u>\$ -</u>

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