

ALTIUS MINERALS CORPORATION

**FIRST QUARTER
INTERIM FINANCIAL STATEMENTS**

July 31, 2004

These financial statements have not been reviewed by an auditor.

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

| | Unaudited July 31 2004 | Audited April 30 2004 |
|---|------------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,383,428 | \$ 1,340,357 |
| Marketable securities (Market value - \$537,500; April 30, 2004 – \$542,500) | 466,738 | 466,738 |
| Accounts receivable | 277,929 | 137,277 |
| Prepaid expenses | <u>39,423</u> | <u>32,025</u> |
| | 2,167,518 | 1,976,397 |
| Mineral properties and deferred exploration costs (schedule) | 1,728,779 | 1,514,298 |
| Property and equipment | 73,733 | 75,248 |
| Investments (note 2) | <u>10,615,700</u> | <u>10,619,367</u> |
| | <u>\$ 14,585,730</u> | <u>\$ 14,185,310</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | <u>\$ 549,695</u> | <u>\$ 199,651</u> |
| Shareholders' Equity | | |
| Share capital (note 3) | 16,023,598 | 15,805,255 |
| Contributed surplus (note 3) | 871,953 | 885,778 |
| Deficit | <u>(2,859,516)</u> | <u>(2,705,374)</u> |
| | <u>14,036,035</u> | <u>13,985,659</u> |
| | <u>\$ 14,585,730</u> | <u>\$ 14,185,310</u> |

Approved by the Board,

_____, Director
"Brian F. Dalton"

_____, Director
"John A. Baker"

ALTIUS MINERALS CORPORATION
Consolidated Statements of Loss and Deficit
(Unaudited)

| | Three Months Ended July 31 | |
|---|-----------------------------------|-----------------------|
| | 2004 | 2003 |
| Interest income | <u>\$ 7,318</u> | <u>\$ 20,555</u> |
| Expenses | | |
| General and administrative | 164,614 | 68,118 |
| Mineral properties abandoned or impaired | 4,639 | 2,287 |
| Amortization | <u>5,469</u> | <u>5,235</u> |
| | <u>174,722</u> | <u>75,640</u> |
| Loss before the following | (167,404) | (55,085) |
| Gain on disposal of investments | <u>13,262</u> | <u>-</u> |
| Net loss | (154,142) | (55,085) |
| Deficit, beginning of period | <u>(2,705,374)</u> | <u>(1,879,169)</u> |
| Deficit, end of period | <u>\$ (2,859,516)</u> | <u>\$ (1,934,254)</u> |
| Net loss per share (basic and diluted) | <u>\$ (0.01)</u> | <u>\$ (0.00)</u> |

ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

| | Three Months Ended July 31 | |
|--|----------------------------|--------------------|
| | 2004 | 2003 |
| Operating activities | | |
| Net loss | \$ (154,142) | \$ (55,085) |
| Items not involving cash | | |
| Mineral properties abandoned or impaired | 4,639 | 2,287 |
| Amortization | 5,469 | 5,235 |
| Gain on disposal of investments | <u>(13,262)</u> | <u>-</u> |
| | (157,296) | (47,563) |
| | | |
| Change in non-cash working capital balances related to operating activities | <u>73,700</u> | <u>(20,997)</u> |
| | <u>(83,596)</u> | <u>(68,560)</u> |
| Financing activities | | |
| Proceeds from issuance of shares, net of issuance costs | 204,518 | 9,809,419 |
| Change in non-cash working capital balances related to financing activities | <u>(6,468)</u> | <u>13,011</u> |
| | <u>198,050</u> | <u>9,822,430</u> |
| Investing activities | | |
| Acquisition of mineral properties and deferred exploration costs, net of recoveries | (219,120) | (148,897) |
| Acquisition of investment in limited partnership | - | (9,925,168) |
| Acquisition of property and equipment | (3,954) | (6,776) |
| Proceeds from disposal of investments | 16,929 | - |
| Change in non-cash working capital balances related to investing activities | <u>134,762</u> | <u>286,354</u> |
| | <u>(71,383)</u> | <u>(9,794,487)</u> |
| | | |
| Net increase (decrease) in cash and cash equivalents | 43,071 | (40,617) |
| | | |
| Cash and cash equivalents, beginning of period | <u>1,340,357</u> | <u>182,221</u> |
| | | |
| Cash and cash equivalents, end of period | <u>\$ 1,383,428</u> | <u>\$ 141,604</u> |
| | | |
| Cash and cash equivalents consists of: | | |
| Deposits with bank (bank overdraft) | \$ 427,225 | \$ (356,766) |
| Term deposits/bankers' acceptances | <u>956,203</u> | <u>498,370</u> |
| | <u>\$ 1,383,428</u> | <u>\$ 141,604</u> |

Supplementary cash flow information (note 4)

ALTIUS MINERALS CORPORATION**Consolidated Schedule of Mineral Properties and Deferred Exploration Costs****Three Months Ended July 31, 2004****(Unaudited)**

| | Balance April 30, 2004 | Net Additions | Abandoned or impaired | Balance July 31, 2004 |
|---------------------------------|---------------------------------------|--------------------------|----------------------------------|--------------------------------------|
| Rambler | \$ 484,535 | \$ 88,047 | - | \$ 572,582 |
| Central Mineral Belt - Labrador | 122,197 | 103,788 | - | 225,985 |
| South Tally Pond | 125,946 | 66,923 | - | 192,869 |
| Twilight | 136,296 | 1,004 | - | 137,300 |
| Lockport | 65,707 | - | - | 65,707 |
| Rocky Brook | 53,224 | 2,697 | - | 55,921 |
| Baie d'Espoir | 53,236 | - | - | 53,236 |
| Mustang Trend | 28,049 | 22,706 | - | 50,755 |
| Labrador | - | 48,739 | - | 48,739 |
| Labrador West | 49,467 | (2,254) | - | 47,213 |
| Shamrock | 42,771 | - | - | 42,771 |
| Taylor Brook | 30,958 | - | - | 30,958 |
| Point Leamington | 27,987 | - | - | 27,987 |
| Michikamau | 22,469 | (6,736) | - | 15,733 |
| Merasheen | 14,242 | - | - | 14,242 |
| Miguel's Trend | 9,659 | 992 | - | 10,651 |
| Bay D'Norde | 8,523 | - | - | 8,523 |
| Martin Lake | 4,189 | 1,888 | - | 6,077 |
| Montgomery Lake | 4,426 | 569 | - | 4,995 |
| Victoria River | 3,733 | 102 | - | 3,835 |
| Moosehead | 5,558 | (3,888) | - | 1,670 |
| Martin Lake Southeast | - | 829 | - | 829 |
| Martin Lake South | - | 229 | - | 229 |
| Petitskapau | - | 227 | - | 227 |
| Robert's Arm | 1 | - | - | 1 |
| Wild Cove | 1 | - | - | 1 |
| Flint Cove | 4,639 | - | (4,639) | - |
| Julienne Lake | 2,235 | (2,235) | - | - |
| Security deposits | 214,250 | (104,507) | - | 109,743 |
| | \$ 1,514,298 | \$ 219,120 | \$ (4,639) | \$ 1,728,779 |

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

July 31, 2004

(Unaudited)

1. Basis of presentation

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the fiscal 2004 annual consolidated financial statements, except for the asset retirement obligations policy disclosed herein.

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, 2004 annual consolidated financial statements.

These interim consolidated financial statements have not been reviewed by the Corporation's auditor.

Asset retirement obligations

Effective May 1, 2004, the Corporation has adopted retroactively the recommendations of CICA Handbook Section 3110 "Asset Retirement Obligations". This standard requires liability recognition for retirement obligations associated with long-lived assets, which includes the abandonment of mineral properties and returning property to its original condition.

The standard requires the Corporation to recognize the fair value of the liability for an asset retirement obligation in the period in which it is incurred and record a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Corporation's credit adjusted risk-free interest rate. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized on the same basis as mineral properties and deferred exploration costs.

This change in accounting policy did not have an impact on the Corporation's loss or financial position at July 31, 2004 and for the year ended April 30, 2004.

ALTIUS MINERALS CORPORATION
Notes to Consolidated Financial Statements
July 31, 2004
(Unaudited)

2. Investments

| | July 31 2004 | April 30 2004 |
|---|-------------------------|--------------------------|
| Investment in Labrador Nickel Royalty Limited Partnership – 750,000 units representing a 7.5% interest, at cost | \$ 10,557,200 | \$ 10,557,200 |
| Investments, at cost (market value \$118,100; April 30, 2004 - \$102,250) | <u>58,500</u> | <u>62,167</u> |
| | <u>\$ 10,615,700</u> | <u>\$10,619,367</u> |

The Corporation received shares in public companies as partial consideration for the grant of options to third parties with respect to their purchase of mineral claims.

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, 2004 | 24,410,930 | \$ 15,805,255 |
| Exercise of warrants [note 3 (c)] | 95,259 | 204,343 |
| Exercise of stock options [note 3 (d)] | <u>40,000</u> | <u>14,000</u> |
| | <u>24,546,189</u> | <u>\$ 16,023,598</u> |

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

July 31, 2004

(Unaudited)

3. Share capital

- (c) Warrants issued pursuant to a private placement in July, 2003 were exercised in the three months ended July 31, 2004, resulting in the issuance of 74,625 common shares at \$2.00 per share for aggregate proceeds of \$149,250. Agents' warrants were exercised, resulting in the issuance of 20,634 common shares at \$2.00 per share for aggregate proceeds of \$41,268. An additional \$13,825 was reclassified from contributed surplus to share capital upon the exercise of agents' warrants.
- (d) 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 July 31, 2004 and changes during the period then ended is as follows:

| | Number of Options | Weighted Average Exercise Price |
|-----------------------------|------------------------------|--|
| Outstanding, April 30, 2004 | 1,125,000 | \$ 1.40 |
| Exercised | <u>(40,000)</u> | 0.35 |
| Outstanding, July 31, 2004 | <u>1,085,000</u> | \$ 1.44 |
| Excercisable, July 31, 2004 | <u>893,000</u> | <u>\$ 1.10</u> |

ALTIUS MINERALS CORPORATION

Notes to Consolidated Financial Statements

July 31, 2004

(Unaudited)

3. Share capital

The following table summarizes information about stock options outstanding and exercisable at July 31, 2004:

| Exercise Prices | Number of Outstanding Options | Weighted Average Remaining Contractual Life of Outstanding Options | Number of Exercisable Options | Weighted Average Remaining Contractual Life of Exercisable Options |
|------------------------|--------------------------------------|---|--------------------------------------|---|
| \$0.55 | 405,000 | 2.02 | 405,000 | 2.02 |
| \$1.35 | 390,000 | 3.13 | 390,000 | 3.13 |
| \$1.75 | 50,000 | 3.50 | 50,000 | 3.50 |
| \$3.00 | 220,000 | 4.55 | 44,000 | 4.55 |
| \$3.50 | <u>20,000</u> | 4.65 | <u>4,000</u> | 4.65 |
| | <u>1,085,000</u> | 3.05 | <u>893,000</u> | 2.72 |

(e) At July 31, 2004 the following whole warrants are outstanding with each whole warrant entitling the holder to purchase one common share:

500,000 warrants at \$2.00 per share expiring December 31, 2006.

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

2,865,345 warrants at \$2.00 per share expiring July 11, 2005.

ALTIUS MINERALS CORPORATION
Notes to Consolidated Financial Statements
July 31, 2004
(Unaudited)

4. Supplementary cash flow information

| | Three Months Ended | |
|--|---------------------------|-------------------|
| | July 31 | |
| | 2004 | 2003 |
| Non-cash investing and financing activities | | |
| The acquisition of investments as partial consideration for the option payments received on mineral properties | \$ <u>-</u> | \$ <u>15,000</u> |
| Contributed surplus recognized upon the issuance of warrants to: | | |
| Agents and recorded as share issuance costs | \$ <u>-</u> | \$ <u>249,240</u> |
| Non-employees and recorded as investment | \$ <u>-</u> | \$ <u>622,500</u> |