

**Altius Minerals Corporation**  
**Interim Consolidated Financial Statements**  
**Unaudited**  
**October 31, 2005**

These financial statements have not been reviewed by an auditor.

# Altius Minerals Corporation

## Consolidated Balance Sheets

	Unaudited October 31 2005	Audited April 30 2005
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 4,621,044	\$ 1,952,673
Accounts receivable	395,414	682,385
Accounts receivable – related companies (note 4)	243,507	257,702
Prepaid expenses	<u>27,704</u>	<u>47,323</u>
	5,287,669	2,940,083
 Mineral properties and deferred exploration costs (Schedule)	 910,886	 1,468,874
 Property and equipment	 110,458	 119,957
 Investments (note 2)	 <u>21,232,629</u>	 <u>19,303,265</u>
	<u>\$ 27,541,642</u>	<u>\$ 23,832,179</u>
 <b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 683,998	\$ 639,447
 Future income taxes	 <u>532,000</u>	 <u>456,000</u>
	<u>1,215,998</u>	<u>1,095,447</u>
 <b>Shareholders' Equity</b>		
Share capital (note 3)	24,539,945	21,448,796
Contributed surplus (note 4)	553,177	447,070
Retained earnings	<u>1,232,522</u>	<u>840,866</u>
	<u>26,325,644</u>	<u>22,736,732</u>
	<u>\$ 27,541,642</u>	<u>\$ 23,832,179</u>

Approved by the Board,

\_\_\_\_\_, Director  
"Brian F. Dalton"

\_\_\_\_\_, Director  
"John A. Baker"

# Altius Minerals Corporation

## Consolidated Statements of Income (Loss) and Retained Earnings (Deficit)

(Unaudited)

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	Three Months Ended October 31		Six Months Ended October 31	
	2005	2004	2005	2004
<b>Revenue</b>				
Option payments and management fees	\$ -	\$ 88,550	\$ 70,971	\$ 88,550
Equipment rental	14,376	-	14,376	-
Interest income	<u>29,353</u>	<u>4,761</u>	<u>38,195</u>	<u>12,079</u>
	<u>43,729</u>	<u>93,311</u>	<u>123,542</u>	<u>100,629</u>
<b>Expenses</b>				
General and administrative	227,905	125,073	429,601	289,687
Mineral properties abandoned or impaired	108,863	181,871	124,491	186,510
Amortization	<u>12,355</u>	<u>5,423</u>	<u>21,490</u>	<u>10,892</u>
	<u>349,123</u>	<u>312,367</u>	<u>575,582</u>	<u>487,089</u>
Loss before the following	<u>(305,394)</u>	<u>(219,056)</u>	<u>(452,040)</u>	<u>(386,460)</u>
Gain on disposal of investments	-	17,497	-	30,759
Dilution gain on issuance of shares by equity investee (note 2)	1,339,352	-	1,339,352	-
Share of (loss) in equity investee (note 2)	<u>(286,146)</u>	<u>-</u>	<u>(305,656)</u>	<u>-</u>
	<u>1,053,206</u>	<u>17,497</u>	<u>1,033,696</u>	<u>30,759</u>
Income (loss) before income taxes	747,812	(201,559)	581,656	(355,701)
Future income tax expense	<u>190,000</u>	<u>-</u>	<u>190,000</u>	<u>-</u>
Net income (loss)	557,812	(201,559)	391,656	(355,701)
Retained earnings (deficit), beginning of period	<u>674,710</u>	<u>(2,859,516)</u>	<u>840,866</u>	<u>(2,705,374)</u>
<b>Retained earnings (deficit), end of period</b>	<u>\$ 1,232,522</u>	<u>\$ (3,061,075)</u>	<u>\$ 1,232,522</u>	<u>\$ (3,061,075)</u>
<b>Net income (loss) per share (basic and diluted)</b>	<u>\$ 0.02</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>

**Altius Minerals Corporation**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Three Months Ended October 31		Six Months Ended October 31	
	2005	2004	2005	2004
<b>Operating activities</b>				
Net income (loss)	\$ 557,812	\$ (201,559)	\$ 391,656	\$ (355,701)
Items not affecting cash				
Cost of mineral properties abandoned or impaired	108,863	181,871	124,491	186,510
Amortization	12,355	5,423	21,490	10,892
Gain on disposal of investments	-	(17,497)	-	(30,759)
Dilution gain on issuance of shares by equity investee	(1,339,352)	-	(1,339,352)	-
Share of loss in equity investee	286,146	-	305,656	-
Future income tax expense	190,000	-	190,000	-
	<u>(184,176)</u>	<u>(31,762)</u>	<u>(306,059)</u>	<u>(189,058)</u>
Change in non-cash working capital balances related to operating activities	<u>(74,311)</u>	<u>(26,624)</u>	<u>(16,351)</u>	<u>47,076</u>
	<u>(258,487)</u>	<u>(58,386)</u>	<u>(322,410)</u>	<u>(141,982)</u>
<b>Financing activities</b>				
Proceeds from issuance of shares, net of issuance cost	13,500	1,393,454	3,083,256	1,597,972
Change in non-cash working capital balances related to financing activities	-	18,612	-	12,144
	<u>13,500</u>	<u>1,412,066</u>	<u>3,083,256</u>	<u>1,610,116</u>
<b>Investing activities</b>				
Acquisition of marketable securities	-	(302,774)	-	(302,774)
Proceeds from disposal of investments	-	36,164	-	53,093
Acquisition of mineral properties and deferred exploration costs, net of recoveries	(139,905)	(536,058)	(228,242)	(755,178)
Acquisition of investment in limited partnership	(1,350)	-	(5,060)	-
Acquisition of investment in equity investee	-	-	(11,906)	-
Acquisition of investment in Alba Mineral Resources plc	(216,963)	-	(216,963)	-
Acquisition of equipment	(10,539)	-	(11,991)	(3,954)
Change in non-cash working capital balances related to investing activities	<u>(257,925)</u>	<u>(342,507)</u>	<u>381,687</u>	<u>(207,745)</u>
	<u>(626,862)</u>	<u>(1,145,175)</u>	<u>(92,475)</u>	<u>(1,216,558)</u>
Net increase (decrease) in cash and cash equivalents	(871,669)	208,505	2,668,371	251,576
Cash and cash equivalents, beginning of period	<u>5,492,713</u>	<u>1,383,428</u>	<u>1,952,673</u>	<u>1,340,357</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 4,621,044</u>	<u>\$ 1,591,933</u>	<u>\$ 4,621,044</u>	<u>\$ 1,591,933</u>
<b>Cash and cash equivalents consist of:</b>				
Deposits with banks	\$ 1,277,562	\$ 1,441,933	\$ 1,277,562	\$ 384,879
Term deposits/bankers' acceptances	3,343,482	150,000	3,343,482	955,478
	<u>\$ 4,621,044</u>	<u>\$ 1,591,933</u>	<u>\$ 4,621,044</u>	<u>\$ 1,340,357</u>

**Supplementary cash flow information (note 6)**

## Altius Minerals Corporation

### Consolidated Schedule of Mineral Properties and Deferred Exploration Costs

Six Months Ended October 31, 2005

(Unaudited)

	Balance, April 30, 2005	Net Additions	Abandoned or Impaired	Balance, October 31, 2005
South Tally	356,595	2,147	-	358,742
Nain	-	76,600	-	76,600
Lockport	70,384	-	-	70,384
Mustang Trend	66,349	3,009	(5,928)	63,430
Labrador Trough	23,624	22,546	(900)	45,270
Shamrock	42,771	-	-	42,771
Taylor Brook	37,615	-	-	37,615
Point Leamington	27,987	1,500	-	29,487
Kamistaitussett	25,450	-	-	25,450
Baie d'Espoir	29,887	(7,471)	-	22,416
Alexis River	500	10,393	-	10,893
Wade Lake	11,702	6,861	(6,960)	11,603
White Bay	-	3,251	-	3,251
Howell's River	500	2,600	-	3,100
Miguel's Trend	2,575	-	-	2,575
Meshikamau	-	1,539	-	1,539
Lac Joseph	-	1,078	-	1,078
Robert's Arm	1	-	-	1
Labrador	30,224	2,834	(33,058)	-
Merasheen	14,162	133	(14,295)	-
Moosehead	12,004	3,663	(15,667)	-
Rocky Brook	14,148	(14,148)	-	-
Central Mineral Belt				
- Labrador (note 2)	615,327	(615,327)	-	-
Bay du Nord	8,063	-	(8,063)	-
Victoria River	4,289	(4,289)	-	-
Wild Cove	1	-	(1)	-
General exploration	-	2,259	(2,259)	-
Security deposits	74,716	67,325	(37,360)	104,681
	\$ 1,468,874	\$ (433,497)	\$ (124,491)	\$ 910,886

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 1. Basis of presentation

The unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the 2005 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, 2005 annual consolidated financial statements.

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

### 2. Investments

	October 31 2005	April 30 2005
Investment in Labrador Nickel Royalty Limited Partnership – 1,000,000 units representing a 10% interest, at cost;	\$ 13,620,640	\$ 13,615,580
Investment in companies subject to significant influence:		
Rambler Metals and Mining plc, 12,000,000 ordinary shares representing a 30% interest, at equity; (market value - \$9,645,174; April 30, 2005 - \$17,303,040)	5,169,529	5,475,185
Aurora Energy Inc. – 4,800,000 Class A common shares representing a 43.2% interest, at equity (note 2 [a])	2,012,997	-
Investments, at cost		
Alba Mineral Resources plc (market value - \$173,018) (note 2[b])	216,963	-
Other (market value \$215,950; April 30, 2005 - \$177,450)(note 2[c])	212,500	212,500
	<hr/> \$ 21,232,629	<hr/> \$ 19,303,265

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 2. Investments

- (a) The Corporation recorded an investment in Aurora Energy Inc. "Aurora" at a cost of \$673,645 in June 2005, in accordance with a binding letter agreement signed by the Corporation on May 31, 2005. The Corporation is in the process of transferring to Aurora its 50% beneficial interest in the Central Mineral Belt Property "the property" in Labrador, except that the Corporation will retain an interest in the property in the form of a 2% final sales royalty on uranium products produced and a 2% net smelter royalty on base and precious metals produced. The transfer will occur pursuant to Section 85(1) of the Income Tax Act (Canada). As consideration, the Corporation will receive 4,800,000 Class A common shares, representing a 48% interest, with each Class A common share entitled to one vote per share. The Corporation's interest was subsequently diluted to 43.2% in August 2005 with the issuance of additional shares by Aurora, resulting in a gain on dilution of \$1,339,352, representing the difference between the Corporation's initial investment and 43.2% of the net equity of Aurora after the additional issuance.
- (b) On September 21, 2005 the Corporation subscribed by way of private placement for 1,250,000 ordinary shares in the capital of Alba Mineral Resources plc (Alba) at a subscription price of 8 pence sterling per share, for a total of 100,000 pounds sterling (\$214,000 CDN). Other costs associated with the acquisition are \$2,963. The Corporation has also been granted a warrant to purchase 937,500 shares of Alba at 9 pence sterling per share until April 4, 2015. Alba is a United Kingdom based mineral exploration company whose share capital is traded on the Alternative Investment Market of the London Stock Exchange.

As part of the share subscription agreement, the Corporation is entitled to a royalty with respect to any new nickel projects identified or acquired to September 21, 2007 or the date the subscription funds are exhausted, within certain areas of Norway, Sweden and Finland ("new projects"). The royalty is a 1.5% net smelter royalty for all minerals sold from the "new projects".

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 2. Investments

- (c) 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.
- (d) The share of loss in equity investee in the amount of \$286,146 for the three months ended October 31, 2005 and \$305,656 for the six months ended October 31, 2005 includes a foreign exchange loss in the amount of \$257,848 recognized on the translation of current monetary assets and liabilities.

### 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

	<b>Number</b>	<b>Stated Value</b>
Balance, April 30, 2005	26,896,097	\$ 21,448,796
Exercise of warrants [note 3 (c)]	1,534,878	3,077,649
Exercise of stock options [note 3 (d)]	<u>10,000</u>	<u>13,500</u>
	<u>28,440,975</u>	<u>\$ 24,539,945</u>



# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 3. Share capital

- (c) Warrants issued pursuant to a private placement in July 2003 were exercised in the six months ended October 31, 2005, resulting in the issuance of 1,523,097 common shares at \$2.00 per share for aggregate proceeds of \$3,046,194. Agents' warrants were exercised, resulting in the issuance of 11,781 common shares at \$2.00 per share for aggregate proceeds of \$23,562. An additional \$7,893 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 October 31, 2005 and changes during the period then ended is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, April 30, 2005	1,209,750	\$ 2.31
Expired	(10,000)	3.50
Exercised	<u>(10,000)</u>	1.35
Outstanding, October 31, 2005	<u>1,189,750</u>	\$ 2.31
Excercisable, October 31, 2005	<u>847,750</u>	<u>\$ 1.82</u>

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 3. Share capital

- (d) The following table summarizes information about stock options outstanding and exercisable at October 31, 2005:

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	193,750	.77	193,750	.77
\$1.35	365,000	1.88	365,000	1.88
\$1.75	50,000	2.25	50,000	2.25
\$3.00	216,000	3.30	84,000	3.30
\$3.50	10,000	3.40	4,000	3.40
\$3.75	130,000	4.50	26,000	4.50
\$3.90	100,000	.01	100,000	.01
\$4.00	<u>125,000</u>	4.13	<u>25,000</u>	4.13
	<u>1,189,750</u>	2.35	<u>847,750</u>	1.72

On November 1, 2005 the stock option agreement entitling Rambler Mines Limited (RML) to purchase 100,000 shares at \$3.90 per share to November 1, 2005 was amended to give RML the option to purchase 75,000 shares at \$3.90 per share to November 1, 2006. All other terms of the original option agreement remain the same, including the requirement that if the option is exercised, the optioned shares will be issued to the third party with whom the Corporation, pursuant to its amended Rambler property option agreement, could elect to issue 75,000 shares on November 1, 2006 as its final payment to earn its interest in the property.

- (e) In October 2005, the Board of Directors of the Corporation approved a normal course issuer bid that allows the Corporation to purchase up to 1,000,000 of its common shares, representing approximately 3.5% of the issued and outstanding common shares, at market prices over a twelve month period commencing October 28, 2005. The Corporation has not purchased any shares to date.

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 4. Contributed surplus

Balance April 30, 2005	\$ 447,070
Transfer to share capital upon exercise of agents' warrant [note 3 (c)]	(7,893)
Related party transaction – future income tax recovery	<u>114,000</u>
	<u>\$ 553,177</u>

A future income tax recovery in the amount of \$114,000 has been credited to contributed surplus with respect to the related party transfer of the Corporation's interest in the Central Mineral Belt property to Aurora Energy Inc. (Aurora) [note 2(a)]. The future income tax recovery represents the income tax effect of the mineral property and deferred exploration costs of the Central Mineral Belt property retained by the Corporation for income tax purposes, net of the income tax effect of the difference between the initial cost of the investment in Aurora for accounting purposes over the cost of the investment for income tax purposes.

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 5. Related party transactions

The Corporation's related party transactions are as follows:

	Three Months Ended October 31		Six Months Ended October 31	
	2005	2004	2005	2004
Consulting and related services and costs received from a company controlled by a director, and reflected as mineral properties and deferred exploration costs	<u>\$ 22,800</u>	<u>\$ 10,584</u>	<u>\$ 39,487</u>	<u>\$ 34,904</u>
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				
Investments	-	-	-	7,660
Aurora Energy Inc.	-	-	11,906	-
Alba Mineral Resources plc	2,963	-	2,963	-
General and administrative expenses	<u>1,415</u>	<u>578</u>	<u>3,360</u>	<u>1,763</u>
	<u>\$ 4,378</u>	<u>\$ 578</u>	<u>\$ 18,229</u>	<u>\$ 9,423</u>
Management fee revenue from a wholly owned subsidiary of significantly influenced investee, Rambler Metals and Mining plc and reflected as:				
Reduction in mineral properties and deferred exploration costs	<u>\$ 51,323</u>	<u>\$ -</u>	<u>\$ 51,323</u>	<u>\$ -</u>
Option payments and management fees	<u>-</u>	<u>-</u>	<u>65,034</u>	<u>-</u>
	<u>\$ 51,323</u>	<u>\$ -</u>	<u>\$ 116,357</u>	<u>\$ -</u>

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.

An amount of \$228,662 is receivable from a wholly owned subsidiary of the significantly influenced investee, Rambler Metals and Mining plc, at October 31, 2005. An amount of \$14,845 is receivable from significantly influenced investee, Aurora Energy Inc. The amounts arose in the normal course of operations, are payable on receipt of invoice, and represent recoverable mineral exploration costs incurred on behalf of the companies.

# Altius Minerals Corporation

## Notes to Consolidated Financial Statements

October 31, 2005

(Unaudited)

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### 6. Supplementary cash flow information

	Three Months Ended October 31		Six Months Ended October 31	
	2005	2004	2005	2004
Non-cash investing and financing activities				
The acquisition of investment as consideration for the transfer of interest in Central Mineral Belt property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,739</u>	<u>\$ -</u>
Increase (decrease) in investments due to:				
Dilution gain on issuance of shares by equity investee	<u>\$ 1,339,352</u>	<u>\$ -</u>	<u>1,339,352</u>	<u>\$ -</u>
Share of loss in equity investee	<u>\$ (286,146)</u>	<u>\$ -</u>	<u>(305,656)</u>	<u>\$ -</u>
Increase in contributed surplus upon recognition of future income tax recovery on transfer of Central Mineral Belt property to related party	<u>\$ 114,000</u>	<u>\$ -</u>	<u>\$ 114,000</u>	<u>\$ -</u>