

A bald eagle is shown in flight, wings spread wide, against a sky filled with soft, white clouds. Below the eagle, a large iceberg floats in a calm body of water. In the distance, a range of low mountains is visible on the horizon. The overall scene is serene and majestic.

aspire

ALTIUS MINERALS
C O R P O R A T I O N
ANNUAL REPORT 2005

report photographs: Altius Minerals

cover photographs (landscape, eagle): Dave Tilley

board portraits, pages 17, 18 (except D. Warr): Ray Fennelly

design and cover photo compositing: oberholtzer design inc.



ALTIUS MINERALS
C O R P O R A T I O N
ANNUAL REPORT 2005

LETTER TO SHAREHOLDERS



Altius continues to build its portfolio of non-operating and other royalty type interests in resource projects. The asset base of the Company strengthened considerably this year and partner funded exploration levels are at record levels.

Our interest in the Voisey's Bay royalty was increased during the year through the exercise of a purchase option. First production from these large deposits in Labrador is in the process of being achieved by project operator Inco.

A significant transaction concerning the Rambler property was concluded, causing the conversion of our project interest into a shareholding in a well funded UK listed public company.

The Company has also converted its Labrador Central Mineral Belt interest into a combination of royalties and a large shareholding in a still-private company that was specifically created to hold and advance the properties.



The Company's exploration business is performing strongly. Partner funded exploration levels are expected to reach record levels during this current field season. Approximately 50,000 metres of diamond drilling are anticipated across the diverse portfolio. Partners are funding all of this advanced stage exploration work

while we continue to directly invest in new generative projects and initiatives with a goal of attracting additional industry partners.

The Company is constantly seeking new opportunities to create or acquire royalty and other non-operator type interests in projects. Its focus remains the Canadian Province of Newfoundland and Labrador where it is committed to natural resource opportunities. Natural resource development in the Province is





happening at a pace that makes it a current global leader in this regard.

Altius has worked hard over the past eight years to position itself as a viable candidate to participate in these major development projects. The Company was recently invited into discussions with the Province of Newfoundland and Labrador and with Newfoundland and Labrador

Hydro concerning the proposed development of the 2,800 megawatt Lower Churchill hydro-electric project in Labrador. Altius' submission to create and acquire a gross electricity sales based royalty is one of six proposals remaining on a shortlist from an original slate of 25 submissions.

With first cash flow from our Voisey's Bay royalty, continued strong metal prices driving growth in our core exploration business, a strengthening asset base and good opportunities to participate in large local projects we move into another year with continued optimism and motivation.





VOISEY'S BAY

VOISEY'S BAY ROYALTY



Altius owns a 10% interest in the Labrador Nickel Royalty Limited Partnership (LNRLP), which owns a 3% net smelter return (NSR) royalty in the Voisey's Bay nickel district. As project owner and operator, Voisey's Bay Nickel Company Limited (VBNC), a wholly owned subsidiary of INCO Limited (INCO), is responsible for royalty payments to the LNRLP.

The remaining 90% interest in the LNRLP was negotiated to be acquired by International Royalty Corporation (IRC) early during the year in an agreement valued at 180 million Canadian dollars. IRC subsequently completed an initial public offering to raise the required funds and with the acquisition became the Limited Partner of LNRLP. The price represents a significantly higher pro-rata royalty interest amount than the price for which Altius acquired its interest in mid-2003. Positive project developments and market improvements during the intervening period can be credited for this gain in value.

In conjunction with its initial acquisition and participation in structuring of the LNRLP, Altius negotiated a 4-year escalating price option to increase its interest from 7.5% to 10%.

It exercised this purchase option in December, immediately before the next annually scheduled increase in exercise price. Also, the exercise price schedule had been created in US dollar terms meaning that the effective Canadian dollar price in December was considerably lower than originally envisioned due to the relative change in the value of these currencies.

INCO has stated that the development of the Voisey's Bay project is effectively complete and that mining has begun. The project has a modeled 25-year mine life although it may be in production for much longer should its deposit expansion and continuing discovery potential be realized. It is expected to be the lowest cost large nickel producer in the world once full production levels are achieved.

Altius' royalty entitles it to a share of revenues less certain costs incurred after concentrates leave the mine site for final processing. The costs of mining or onsite processing are not deducted from our share of revenues. INCO's most recent estimated cost of nickel production, net of byproduct credits and subject to sensitivity analyzed disparities that include its cost of energy, is \$0.90 per pound.



The underlying royalty agreement of the LNRLP has provisions for auditing and arbitration to ensure that payments from the operator are correct and agreeable. Altius' Board has agreed to commit itself intently to this process in the coming year to ensure that its full entitlement from the royalty is realized. In such matters it is entitled to act within the partnership or of its own accord. It expects, as is the case with many initial mineral royalty payment accords, that there may be areas of initial disagreement with the project operator that will require its diligent efforts in

order to achieve mutual resolution. The long life nature of the underlying asset underscores the importance of making this process a corporate priority.

The royalty applies to the entire Voisey's Bay district, which includes several individual nickel-copper-cobalt ore deposits within a large mineralizing system.

The open pit mine begun at the Ovoid Deposit is the site of first production within the district. Altius extends its sincere congratulations to INCO and all others involved with the achievement of this milestone.

Several of the other Voisey's Bay district deposits remain open to expansion. Exploration drilling adjacent to the Reid Brook Deposit by the project's exploration group during the year has returned many new intercepts of thick, high-grade mineralization. More detailed information concerning this work can be found by visiting Inco.com.

As exploration costs and development capital requirements do not affect or offset royalty payments the value of new discoveries or expansions of known deposits comes at no cost to Altius' shareholders. In addition, the royalty is subject to an area of interest that encompasses the entire landmass of Labrador and if additional mineral claims are acquired within this region then they also become subject to the royalty. Inco recently added nearly 7000 mineral claims to their Voisey's Bay area holdings.

Altius' current exploration portfolio is diversified and provides a high degree of leveraged exposure to gold and base metals and particularly to nickel and uranium, which feature especially strong supply and demand fundamentals. Many of these exploration projects are being advanced through agreements with select industry partners.



EXPLORATION AND DEVELOPMENT OPPORTUNITIES

NICKEL

Voisey's Bay

Altius offers investors unique exposure to nickel exploration through its royalty interest in the world-class Voisey's Bay district. The royalty applies to all future discoveries within the nickel district. INCO recently announced significant drill intersections from the Reid Brook Zone including 75.4 meters grading of 2.9% Ni, 1.2% Cu, and 0.20% Co, and 61.6 meters grading of 2.9% Ni, 1.5% Cu, and 0.20% Co.

Altius is also exploring directly for Voisey's Bay type nickel-copper-cobalt deposits in other areas of Labrador and is evaluating opportunities in Scandinavia within similar geologic settings.





Meshikamau

Altius and Teck Cominco began exploring the large Meshikimau Nickel Project in Labrador in early 2004. Several geophysical and geological programs have been conducted since then with generally encouraging results and a diamond drilling program is currently being planned. An 8 kilometre long section of the property that is characterized by coincident magnetic and electromagnetic anomalies, as well as widespread gossanous outcrops, will be the primary focus of the drilling program.

Teck Cominco may earn a 51% interest in the property by spending \$5 million over five years, including \$1.25 million by December 31, 2005. Then, Altius may elect to either:

- convert its interest to a sliding scale royalty tied to the nickel price and ranging from 2% to 4% net smelter returns; or
- form a joint venture in which Teck Cominco will hold a 50.1% interest and Altius will hold a 49.9% interest. Each partner will contribute its pro-rata share of future expenditures, in addition Altius will retain the right to dilute to a 10% net profits royalty; or
- elect to convert to a 40% interest, which will be carried through to completion of a pre-feasibility study. Upon completion of the pre-feasibility study Altius may elect to contribute its pro-rata share of future expenditures or to convert its interest to a royalty equal to 2% net smelter returns.

URANIUM

The past few years have seen a dramatic renewal in interest in the nuclear energy sector. Several new nuclear electrical plants are planned for commissioning through the coming decade and utilization rates at existing plants have been increasing in response. This shift is widely cited as being attributable to rising fossil fuel costs and the non-carbon-emitting advantages of uranium based fuel sources.

Altius began to build its uranium portfolio in 2001 as a then very protracted period of low uranium prices had caused an opportunity to assess and acquire a collection of uranium projects without prohibitive cost and risk.



Central Mineral Belt (CMB) – Aurora Energy Inc

The Central Mineral Belt (CMB) of Labrador in eastern Canada has historically been considered as Canada's second most important uranium district after the Athabasca Basin in Saskatchewan.

For nearly 20 years, this important district saw no exploration activity due to low uranium prices. Altius identified this opportunity in 2002 and invited Frontier Development Group to join it in exploring the region in 2003. Altius and Frontier formed a strategic alliance at that time and co-funded two successful seasons of work prior to reorganizing the relationship.



The companies restructured their CMB relationship in June.

The original equal alliance was replaced by a new special purpose company, Aurora Energy Inc., which will hold the 81,500 hectares of mineral rights and directly fund future exploration programs.

As part of the arrangement a 2% gross sales royalty for uranium products and a 2% NSR on base and precious metals has been acquired by Altius in exchange for 2% of its equity position in Aurora.

Future funding for the project will be the responsibility of Aurora and it has recently completed a \$5 million dollar private placement by issuing 10% new equity. After giving effect to the royalty acquisition and the private placement Altius holds 43% of Aurora and has board representation. However, should Aurora fail to complete an initial public offering by next June, Altius will have the option of buying back its interest to 50% on an at-cost basis.

The 2005 exploration program was agreed upon by Altius and Frontier in conjunction with the reorganization and set at \$5,000,000. Field work began in late June and consisted of detailed geophysical and geochemical surveys, along with geological mapping and environmental baseline studies. A 13,000 metre diamond drilling phase began in August, designed to test for expansions of known deposits and to test areas of surface mineralization that have not been previously drill tested.

Rocky Brook

In late 2004 JNR Resources Inc. entered an earn-in/joint venture agreement on Altius' Rocky Brook uranium property. The Rocky Brook property is approximately 11,000 hectares in size and covers the northeast margin of the Deer Lake Basin in western Newfoundland. It features three distinct areas of unsourced, altered and mineralized sandstone boulders. Best reported values of up to 11.5% uranium oxide (U₃O₈) and 859 oz/t (2.9%) silver have been returned from historical sampling of these boulders.

JNR may earn a 70% interest in the Rocky Brook property over four years by spending \$2,525,000 on exploration and by making cash and share payments to Altius. Altius has also retained certain royalty rights to the property. A diamond-drilling program commenced on the project in mid August. Approximately 100 short holes are planned in search of the source to the mineralized boulders.



Aflease Alliance

Aflease Gold and Uranium Resources Ltd. is a South African based mining company that controls significant gold and uranium resources in the Witwatersrand Basin. It is currently developing a 2-4 million-lb/yr uranium mine that is expected to give it an approximate 5% share of global uranium production once complete. It recently partnered with Altius to search for uranium resources in Canada and several projects and concepts are planned for evaluation under the agreement. The arrangement represents a good mix of skill sets with Altius contributing its uranium exploration expertise and Aflease its mine evaluation and development abilities.

BASE METALS

The Rambler Copper-Gold Property – Rambler Metals and Minerals PLC

During the spring Altius announced an agreement with a UK based mine development group that saw its interest in the Rambler project converted into share ownership in a new London AIM listed public company.

In conjunction with the April 2005 listing Rambler Metals and Mining plc (RMM) raised the approximate equivalent to C\$18.5 million that is being used for an ongoing 28,000 metre drilling campaign on the property. Altius holds 12 million or 30% of the shares of RMM, has board representation and has agreed to a contract to manage the exploration of the property.

The first round of drilling results from Rambler were released in July and confirmed depth extensions of both the Ming Massive Sulphide (MMS) and Ming Footwall Zone (MFZ) and also identified potential for new mineralized bodies to the northwest. The intersected copper grades and thicknesses were within the range of expectations along the deposit trend but higher than expected gold grades were encountered in the deepest reported holes.

The founders of RMM include Harry Dobson and Brian Hinchcliffe who are also founders and principals of Kirkland Lake Gold Inc. - an exploration and mining company that recently resumed successful mining operations in a historic gold mining camp in Ontario.



In addition to the Rambler copper-gold project Altius has a portfolio of wholly owned and partnered polymetallic VMS properties throughout central Newfoundland.



South Tally Pond

Its South Tally Pond and Victoria River properties host alteration and mineralization zones that require drill testing. These are located near the Duck Pond deposits, which Aur Resources has recently commenced developing.

Robert's Arm

Altius and earning partner Woodruff Capital, under a sub-option from Inmet Mining Corporation, continue to explore a very large VMS system on the Robert's Arm property. The companies completed a 600-metre drill hole in late 2004 that featured VMS-style alteration, base metal sulphide stringers and was highlighted by identification of a significant off-hole conductor. Additional drilling is planned for fall 2005.

Other

Altius has a large portfolio of other projects that it is advancing to the stage that joint venture partners can be attracted. These cover gold, nickel, uranium and base metal targets throughout Newfoundland and Labrador. Work on these projects generally involves research and concept development followed by prospecting and geological mapping but may also include broad scale geochemical and geophysical surveying.



CORPORATE INFORMATION



BRIAN F. DALTON, President & CEO

An entrepreneur in the mining industry, Brian built a successful group of private mineral exploration and exploration service companies prior to co-founding Altius. He has many contacts throughout the mining and financial communities and is an active member of several volunteer organizations.



ROLAND W. BUTLER JR., B.Sc., B. Ed., Director, Vice-President

Roland is the driving force behind Altius' property acquisition strategy and generative exploration programs. As a prospector and geologist, his experience includes roles with junior and senior exploration companies.



J. GEOFFREY THURLOW, Ph.D., P. Geo., Director

Throughout three decades of exploration, Geoff has received acclaim as a VMS base metals expert. A distinguished record of orebody and prospect discoveries has provided the base for an active consulting practice for junior and senior companies on the national and international stage. He has been published extensively in the area of Appalachian mineral deposits and has been awarded many distinctions by his peers.



JOHN A. BAKER, Q.C., Director

John is a senior partner in a leading St. John's law firm and carries on an extensive and diverse mining, securities, and corporate/commercial practice. He has served on numerous public company and volunteer boards and has received several awards for public service.



DONALD J. WARR, F.C.A., CFO

Don has 33 years experience as a Chartered Accountant and actively practices as a partner with the accountancy firm, Blackwood and Warr. He is a graduate of Memorial University of Newfoundland and has provided distinguished service to numerous professional associations and community service groups throughout his career. Don has served on the Board of Directors of Newfoundland Capital Corporation (NCC-TSX) since 1995.



CHAD S. WELLS, B.Sc. (Honours), Corporate Secretary

Chad currently manages corporate development and marketing activities for Altius as part of his daily role. Chad has previous experience as a consulting geologist working with junior and senior companies in the mineral and petroleum sectors across Canada. His geological background provides a level of understanding of project activities that allows more effective communications with Altius' diverse shareholder base.

Advisory Board

Brent Cook, B.Sc. (Solona Beach, CA)

Dan Hansen (Copenhagen, Denmark)

Jean-Pierre Lefebvre (Montreal, PQ)

Hugh Mogensen, B.Sc., P.Geo. (Saanichton, BC)

David F. Strong, Ph.D. (Victoria, BC)

Mike Walter, B.Sc. (Hons.Eng), (Georgetown, ON)

Staff & Corporate Support

David Barbour, B.Sc., P.Geo., Senior Geologist

Steve Barrett, B.Sc.(Hons), Geologist

Wayne Broomfield, Labrador Communications Officer

Allan Cuff, B.Sc., Computer Support

Rod Churchill, M.Sc., P. Geo., Operations Manager

Paul Crocker, Prospector

Sharon Dunn, CA, CBV, Accounting Consultant

Sonya Durdle-Walsh, Office Administrator

Wanda Hearn-Dyke, Office Administrator

Peter Mercer, B.Sc., Geologist

Joan Moody, Compliance Consultant

Dale O'Reilly, Prospector

Roderick Smith, B.Sc.(Hons), Geologist

Chad Wells, B.Sc.(Hons), Corporate Development

Legal Counsel

McLeod and Company

800 - 11012 Macleod Trail South

Calgary, Alberta T2J 6A5

Auditors

Collins Barrow, Calgary LLP
777 - 8th Avenue SW
Calgary, Alberta T2P 3R5

Transfer Agent

CIBC Mellon Trust Company
1660 Hollis Street, Suite 408
Halifax, Nova Scotia B3J 1V7

Capital Structure as of Sept. 1/05

Shares Issued: 28,430,975
52 -Week Price Range \$2.95-\$4.72
Fully Diluted: 29,640,725
Working Capital: ~\$5,000,000 CDN
Stock Exchange: TSX Venture
Symbol: ALS (TSX-V)
Cusip #: 020936

ANNUAL GENERAL MEETING

The Annual General Meeting of the Corporation will be held at
the Johnson Geo Centre,
175 Signal Hill Road, St. John's, Newfoundland
on October 21, 2005 at 1 pm



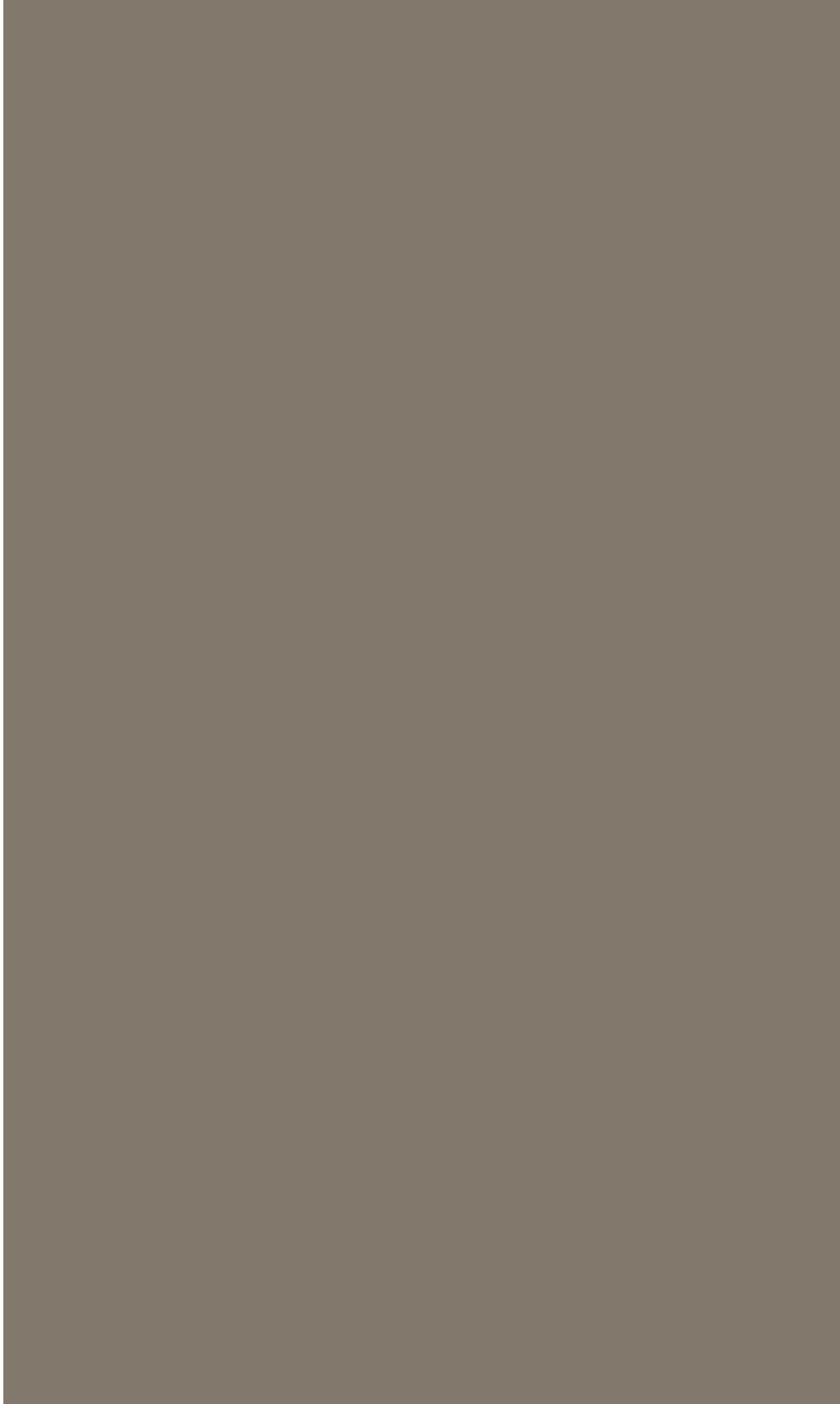
Illustrations

page 1	Caribou
page 2	Board Members. (back row, left to right): Chad Wells, Geoff Thurlow, John Baker, Donald Warr, (front row, left to right): Brian Dalton, Roland Butler
page 3	(top): B. Dalton (Altius), G. Milton (Investor), and H. Dobson (Rambler Metals and Mining plc) during a site visit to the Rambler Project, June 2005 (bottom): Inukshuk overlooking fjord in northern Labrador
page 4	(top): Altius VP, Roland Butler and his field crew visit Churchill Falls in 2004 (bottom): Aerial view of the Lower Churchill River, Labrador
page 5	Northern Labrador coastline
page 6	Mill Site at Voisey's Bay Project, Labrador
page 7	Altius VP – Roland Butler, and VBNC Geologist Dawn Evans-Lamswood atop the Ovoid deposit, Voisey's Bay Project, Labrador
page 9	Young sled dog in Makkovik, Labrador
page 10	Labrador coastal fog
page 11	2005 Meshikamau geophysical crew
page 12	The 2004 Postville Exploration Crew (left to right): Roland Butler, Derek Wilton, Calvert Priddle, Paul Crocker, Rick Valenta, Richard Hull, Bob Edmunds, Rick Edmunds, Glen Sheppard, and Rod Smith
page 13	Otter Lake drilling site /Altius geologist Rod Smith inspects drill core from Otter Lake
page 14	Altius and JNR personnel conducting radiometric borehole logging at Rocky Brook
page 15	Summers students, Jessica Sacrey and Andrew Gillingham carrying out ongoing reclamation work at the Rambler site
page 16	Drilling at Rambler (left to right): Steve Barrett (Altius), Bob Butt, and Perry Folkes (Petro Drilling)
page 17	Northern Labrador fauna
page 22	A calm day in Labrador



ALTIUS MINERALS

civic address	Suite 300 53 Bond Street St. John's, NL A1C 1S9 Canada
mailing address	P.O. Box 385 St. John's, NL A1C 5J9 Canada
toll free	(877) 576-2209
phone	(709) 576-3440
fax	(709) 576-3441
email	info@altiusminerals.com
website	www.altiusminerals.com





ALTIVS MINERALS CORPORATION

civic address: Suite 300, 53 Bond Street, St. John's, NL A1C 1S9 Canada

mailing address: P.O. Box 385, St. John's, NL A1C 5J9 Canada

toll free: (877) 576-2209 **phone:** (709) 576-3440 **fax:** (709) 576-3441

email: info@altiusminerals.com **website:** www.altiusminerals.com