ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis
of Financial Conditions and Results of Operations
Three Months Ended July 31, 2011

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the three months ended July 31, 2011 and related notes. This MD&A has been prepared as of September 29, 2011**.***

Management's discussion and analysis of financial condition and results of operations contains forward–looking statements. By their nature, these statements involve risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information regarding the Corporation, including copies of the Corporation's continuous disclosure materials is available on the Corporation's website at www.altiusminerals.com or through the SEDAR website at www.sedar.com .

Description of Business

Altius Minerals Corporation's (the "Corporation") principal business activities are focused on the generation and acquisition of natural resource projects, royalties, and investments. The Corporation pursues this objective through its two business segments.

Exploration and Royalty Creation:
The Corporation conducts early stage mineral exploration and prospect generation primarily in Eastern Canada. It utilizes a team of approximately 15 professional geologists and prospectors that create mineral exploration initiatives through concept development, field-based research, prospecting and exploration. Successful concepts are advanced to the project acquisition stage and subsequently to the target generation stage. Its project portfolio currently consists of approximately 20 projects prospective for iron ore, gold, uranium, nickel, and other base metals.

The Corporation prefers to create agreements with other exploration and mining companies related to the mineral exploration opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests. The Corporation currently has ten active exploration agreements with partners on projects located throughout Newfoundland and Labrador. Additional information on specific exploration projects is located in the ***Exploration Overview*** section of this MD&A.

Investment and Royalty Acquisition:
Building upon its success in mineral exploration and prospect generation, the Corporation recently segregated the majority of its accumulated profits into a separate business segment with two primary objectives: 1) to seek out royalty based financing opportunities of top tier development stage assets and/or the acquisition of existing royalty interests under third party control on development and production stage mining assets that are of world class calibre; and 2) the selective investment in minerals related and early stage companies with a goal of long term capital appreciation.

The Corporation currently has one producing royalty interest - an effective 0.3% net smelter return royalty ("NSR") in Vale's Voisey's Bay nickel-copper-cobalt operating mine. The Corporation also holds several pre-development/exploration stage royalty interests in several mineral properties, including a 3% gross sales royalty ("GSR") on Alderon Resource Corporation's ("Alderon") Kamistiatusset ("Kami") iron ore project located in Western Labrador; a 2% GSR on uranium production from Paladin's Central Mineral Belt project; and a 2-4% net smelter return sliding-scale royalty on Northern Abitibi Mining Corp's ("Northern Abitibi") Viking gold project located in Newfoundland. Additional information on the status of non-producing royalty interests is available in ***Table 2: Summary of Exploration and Pre-production Stage Royalties*** of this MD&A.

The Corporation's investments in mining and mineral resource related companies include an approximate 40% equity interest in Alderon and a 39.6% interest in Newfoundland and Labrador Refining Corporation ("NLRC"). NLRC is seeking to partner or sell its unique approvals and rights to construct a 300,000 barrel per day oil refinery project.

The Corporation also holds 72.8% of a company it co-founded in October 2010, 2260761 Ontario Inc. (“2260761”), to invest predominantly in early stage mining and resource based companies with a goal of long term capital appreciation.

The new company is managed independently by Paul van Eeden, who not only has a successful mining and investment industry track record but has also invested his own funds alongside the Corporation in the new venture. Through this investment we expose Altius to the speculative and discovery side of our industry by holding a portfolio of junior explorers and start-up companies.

Additional information on investments and investing activity is included in the **Investments Overview** section of this MD&A.

The Corporation has over $306,000,000 in total assets and no debt. Current holdings include $180,000,000 in cash and highly liquid marketable securities and several mining and mineral related investments with a current market value of $106,000,000.

Operational and Business Overview

The Corporation’s net loss attributable to common shareholders for the three months ended July 31, 2011 was $1,588,000 or $0.06 per share. The loss recorded during the quarter was primarily as a result of the Corporation’s share of Alderon’s operating loss of $1,362,000.

Alderon continued progress towards potential development of its 100% owned Kami iron ore project located in the Labrador west mining district by meeting significant milestones during the current quarter, including the following:

- Continued positive drill results from the North Rose project; including 233 metres of 31.8% iron. This zone is expected to be included in the updated resource statement to be released in the Fall of 2011.

- Positive preliminary metallurgical study results, which confirmed an 82.8% iron recovery using conventional gravity and magnetic separation methods, and yielding an acceptable product for a sinter feed application.

- The appointment of key senior management.

In addition to these accomplishments, on September 8, 2011, Alderon announced a positive preliminary economic assessment (“PEA”) based on its initial resource estimate of the Rose Central property. Highlights of the study indicate a 40% internal rate of return on a pre-tax basis and a payback period of 2.7 years. This initial study did not include drill results from the North Rose area or the Mills Lake deposit.

Alderon’s progress is described in greater detail in the ***Investments Overview*** section of this MD&A.

The Corporation's mineral exploration activity during the quarter focused on independent and partner-funded generative exploration on several projects while field programs in some of the regions are still ongoing.

During the quarter the Corporation continued work on its exploration alliance with Cliffs Natural Resources Exploration Inc. ("CNR") for nickel and chromium within specifically defined areas of Newfoundland and Labrador. To date, 4,200 mineral claims (105,000 hectares) have been staked to cover prospective areas identified throughout Newfoundland.

The Corporation also finalized an agreement with CNR to expand the existing alliance to include the Saglek iron project. The Saglek project includes 22 licenses comprising 1,799 claims (44,975 Ha) located in northern coastal Labrador. Under the expanded alliance, CNR is expected to fund $400,000 in regional generative exploration work on the Saglek claims this season and a total of $2,200,000 within the broader alliance area of interest. The claims cover seven priority target areas identified from mapped Archean iron formation and associated magnetic anomalies. All exploration permits have been received and an initial reconnaissance program of mapping and sampling commenced late in the quarter, with initial results expected in the fall.

The Corporation also conducted preliminary exploration programs in Nunavut, Yukon, Labrador and the Island of Newfoundland. Results and findings are under evaluation and some exploration work is ongoing.

The Corporation is also actively discussing potential exploration agreements with several industry partners on numerous properties, including the Snelgrove Lake iron ore, Julienne Lake iron ore, Notakwanon uranium and Natashquan nickel-copper-PGE's projects. The Corporation's near term objective is to attract third party funding agreements on these and other developing projects.

Outlook

The Corporation is encouraged by the progress Alderon has made advancing the Kami iron ore project from advanced exploration through to a defined resource with preliminary positive economics. Alderon continues to build its management team and to achieve milestones towards targeted mine production in 2015.

The Corporation has an active option/earn-in agreement with Rio Tinto to explore several of the Corporation's licenses north of Labrador City. The Corporation currently has two other significant iron ore projects in Labrador west for which it is seeking alliance partners. These are Snelgrove Lake and Julienne Lake. The Corporation also recently entered into an earn-in agreement with Century iron mines on its recently staked Trough iron ore projects . Over the next several months the Corporation will focus significant efforts on further evaluating its wholly owned iron ore prospects and will seek partnerships to further advance the properties.

The Corporation will continue to maintain its discipline by employing the 'prospect generation' model of attracting funding partners to its projects, while seeking opportunities in eastern Canada and other prospective regions of the country and elsewhere.

The value of the Corporation’s investments in junior exploration and early stage companies declined slightly during the quarter as a result of seasonal cyclicity and a general market downturn due the reemergence of concern over global sovereign debt. The Corporation will continue to carefully manage its investments with a goal of long term capital appreciation. As of July 31, 2011, 2260761 had assets of approximately $30,000,000, of which $12,000,000 is held in cash and marketable securities with the balance held in early stage exploration and development companies.

The Corporation has evaluated several royalty investment opportunities over the past several months but has not yet found a target that meets its minimum long term royalty investment objectives in terms of value or underlying asset quality. With the continuing availability of low-cost debt and equity alternatives for development stage companies, the Corporation expects attractive royalty acquisition opportunities to continue to be difficult to find. Nevertheless, it remains in a strong position to act on such opportunities whenever cyclical, market volatility, or special circumstances present themselves.

The Corporation expects royalty revenue from the Voisey’s Bay mine to continue at current annualized levels of approximately $4.0 - $4.5 million at current nickel prices and expected production volumes. Interest revenue is expected to remain low in the near term as interest rates remain low on high quality investments.

Results of Operations

Analysis of Results of Operations for the three month period ending July 31, 2011 compared with the three month period ending July 31, 2010

The Corporation recorded a net loss attributable to common shareholders of $1,588,000 for the three months ended July 31, 2011 compared to a net loss for the three months ended July 31, 2010 of $83,000. The higher net loss in the current year was caused primarily by a higher share of loss in associates of $1,362,000 compared to $91,000 in the prior year period.

The Corporation recognized total revenue of $2,156,000 for the three months ended July 31, 2011 compared to $1,287,000 for the same period last year. Royalty revenue from the Labrador Nickel Royalty Limited Partnership (“LNRLP”) was $1,089,000 during the quarter ended July 31, 2011 compared to $430,000 for the same period last year. Increased royalty revenue was the result of higher concentrate shipments due to the resolution of the strike at the mine site and at the smelting facilities in Canada.

Interest income of $1,050,000 was recognized in the three month period ended July 31, 2011 compared to $852,000 for the three month period ended July 31, 2010. This increase was caused by slightly higher yields on corporate and government guaranteed investments and from a higher investment base in the current period.

General and administrative expenses for the three month period ended July 31, 2011 were $861,000 compared to $758,000 for the prior year. The Corporation incurred increased salary related expenses of $30,000, and increased staff travel costs of $46,000 as a result of project evaluations and professional development. The Corporation's administrative related expenses increased by $55,000 primarily as result of higher public company compliance costs. These increases were offset by slightly lower legal and professional fee costs of $28,000.

Generative exploration ("Genex") was $215,000 for the three month period ended July 31, 2011 compared to $387,000 in the same period last year. Mineral properties abandoned or impaired was $54,000 for the three month period ended July 31, 2011 compared to $61,000 in the same period last year. Details on the Corporation's mineral exploration activities are detailed in the ***Exploration Overview*** section of this MD&A.

Royalty tax for the three months ended July 31, 2011 was $218,000 compared to $86,000 for the prior year. The higher royalty tax is a direct result of the higher royalty revenue recorded in the year. The mineral rights tax on the Voisey's Bay royalty is 20% of gross royalty revenue.

Share-based compensation for the three months ended July 31, 2011 was $71,000 compared to $(11,000) for the prior year. The prior year recovery was the result of stock option forfeitures in excess of the estimated amount.

Amortization for the three months ended July 31, 2011 was $357,000 which was higher than the $127,000 for the prior year. The increase in amortization over the prior year reflects the higher production level at the Voisey's Bay nickel-copper-cobalt mine, as noted previously.

An unrealized loss on derivative financial instruments of $803,000 was recorded for the three months ended July 31, 2011 compared to $nil for the same period last year. This loss was primarily related to derivative financial instruments held by 2260761 which was co-founded in October 2010.

The share of loss in associates was $1,362,000 for the three months ended July 31, 2011 compared to $91,000 for the prior year. The Corporation retains an approximate 40% equity interest in Alderon and recorded $1,362,000 for its proportionate share of Alderon's net loss for the three months ended July 31, 2011 compared to the Corporation's proportionate share of Rambler Metals and Mining plc's ("Rambler") loss of $91,000 recorded in the prior year. The Corporation sold its interest in Rambler in January 2011. Activities within Alderon are described in greater detail in the section entitled ***Investments Overview*** included in this MD&A.

The Corporation recorded an income tax recovery of $123,000 for the three months ended July 31, 2011 compared to a recovery of $44,000 for the same period last year. The lower than effective tax rate in both periods is the result of primarily investment-based gains and losses, which are taxed at half the effective income tax rate in Canada.

Cash Flows, Liquidity and Capital Resources

Operating Activities
The Corporation used cash from operating activities of $6,751,000 for the three months ended July 31, 2011 compared to a cash inflow of $2,174,000 for the same period last year. The change from the prior year was primarily due to the payment of $8,013,000 in income taxes for the three months ended July 31, 2011 compared to receipt of a refund of the previous year's tax installments $2,691,000 for the three months ended July 31, 2010.

Financing Activities
The Corporation used cash from financing activities of $291,000 for the three months ended July 31, 2011 compared to a cash inflow of $26,000 for the three months ended July 31, 2010. The Corporation repurchased 19,400 common shares under its normal course issuer bid during the current year at a total cost of $210,000 (2010 - $nil). The Corporation's subsidiary paid $81,000 (2010 - $nil) in dividends to a non-controlling interest during the period. The dividend is payable on class A shares held by the non-controlling interest at a rate of 1% per annum of 2260761's calculated net asset value.

Investing Activities
The Corporation used cash from investing activities of $1,633,000 for the three months ended July 31, 2011 compared to an outflow of cash of $7,804,000 for the same period last year. The Corporation received cash proceeds from the sale of investments and equity investments of $1,478,000 for the three months ended July 31, 2011 (2010 - $695,000).

A major portion of the investment activities in the current three month period included the reallocation from marketable securities to cash totaling $798,000 compared to a reallocation from cash to marketable securities of $6,476,000 in the prior year. Marketable securities are comprised of highly liquid government guaranteed and investment grade commercial paper with maturities at the purchase date of greater than three months.

The Corporation also used cash of $ 2,705,000 for the acquisition of investments and warrants for the three month period ended July 31, 2011 compared to $1,268,000 for the same period in the prior year. Additional information on the transactions is included in Notes 7 & 8 to the interim consolidated financial statements.

The Corporation also used cash of $93,000 for the acquisition of property and equipment for the three month period ended July 31, 2011 compared to $57,000 for the same period in the prior year.

In addition, the Corporation incurred $896,000 (2010 - $311,000) in net mineral exploration expenditures for the three months ended July 31, 2011. The Corporation also incurred $215,000 (2010 - $387,000) in generative exploration expenditures for the three months ended July 31, 2011. Mineral exploration activities are described in greater detail in the ***Mineral Exploration Projects Overview*** section of this MD&A.

Liquidity
At July 31, 2011, the Corporation had current assets of $185,580,000 and current liabilities of $2,598,000 for net working capital of $182,982,000, which is sufficient to meet its current requirements for operating and investing activities. The Corporation holds its cash in short-term and medium-term interest bearing Canadian government guaranteed and investment grade corporate instruments and does not anticipate any liquidity issues.

The Corporation's major sources of funding are from sales of direct and indirect exploration investments, royalty payments and interest income. In addition, the Corporation partially funds exploration expenditures via third party agreements such as earn-in agreements or joint venture arrangements whereby exploration expenditures are cost-shared or funded by third parties in exchange for a partial ownership interest in the mineral rights to the properties. Given that the current cash level is significantly more than that required for the continuing mineral exploration operations of the Corporation, management will continue to evaluate investment opportunities in the resource based sector.

Commitments and Contractual Obligations
The Corporation has obtained mineral exploration licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the properties in good standing and for refund of security deposits. If the required assessment expenditures are not met on or before the anniversary date of license issuance, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or electing to allow title of the license to be cancelled. The Corporation is required to spend $2,105,000 by July 31, 2012 in order to maintain all licenses in good standing, of which exploration partners have agreed to spend approximately $1,135,000. Exploration expenditures of $1,842,000 over the next year are required on certain properties to receive a refund of the total of security deposits in the amount of $570,000.

Contingent Liability
On October 1, 2008 the Corporation was served with a statement of claim issued by BAE-Newplan Group Limited ("BAE"), a wholly-owned subsidiary of SNC-Lavalin Inc., in the Supreme Court of Newfoundland and Labrador. In the statement of claim, BAE claims damages, including punitive and exemplary damages, interest and costs against the Corporation and others in aggregate. 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 intends to defend the claim vigorously. 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.

Related Party Transactions
Chairman of the Board and Director John Baker is a Partner of the legal firm Ottenheimer and Baker. This firm provided legal services to the Corporation in the amount of $6,000 for the three months ended July 31, 2011 (2010 – $2,000).

During the three months ended July 31, 2011, the Corporation’s subsidiary paid a dividend of $81,000 (2010 - $nil) to a non-controlling interest.

Total salaries and benefits paid to key employees and directors during the three months ended July 31, 2011 was $ 484,000 (2010 - $1,169,000).

These related party 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. It is management’s estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

Summary of Quarterly Financial Information

The table below outlines selected financial information related to the Corporation’s revenue, net earnings (loss) and net earnings (loss) per share for the most recent eight quarters. The financial information is extracted from the Corporation’s interim and audited financial statements and has been adjusted to reflect the Corporation’s conversion to International Financial Reporting Standards (“IFRS”).

Amounts in thousands of dollars, except per share amounts

$	**July 31, 2011**	**April 30, 2011**	**January 31, 2010**	**October 31, 2010**
Revenue	2,156	1,758	1,103	1,453
Net earnings (loss) attributable to common shareholders	(1,588)	(953)	69,212	2,138
Net earnings (loss) per share				
- basic	(0.06)	(0.03)	2.41	0.07
- diluted	(0.06)	(0.03)	2.38	0.07

$	**July 31, 2010**	**April 30, 2010**	**January 31, 2010**	**October 31, 2009**
Revenue	1,287	56	912	1,097
Net earnings (loss) attributable to common shareholders	(83)	22,256	10	(437)
Net earnings (loss) per share				
- basic	-	0.78	-	(0.02)
- diluted	-	0.77	-	(0.02)

The Corporation does not experience significant seasonality in operations. Revenue is derived primarily from investment income and from the producing Voisey’s Bay Royalty, which is contingent upon commodity prices, mine production levels, and the timing of concentrate shipments. The increase in revenue over the previous several quarters was caused primarily by resolution of the labour dispute at the Voisey’s Bay nickel-copper-cobalt mine. Interest revenue has also increased because of slightly higher yields on corporate and government guaranteed investments and from growth in the Corporation's investment base. Net earnings are affected somewhat by revenue net of operating expenses, but are affected primarily by the realization of gains or losses on the Corporation's investments and mineral exploration alliances.

Business Overview

The Corporation operates as two separate, yet complementary, business units. The exploration and prospect generation segment conducts generative exploration work with a goal of creating minerals projects and attracting partners to provide financial and technical expertise in exchange for an interest in the Corporation's mineral properties. In addition to retaining a project stake or receiving equity in the partner, the Corporation seeks to create royalties on these projects. The investment/royalty acquisition segment manages the portfolio and cash that has been created from the project generation business and evaluates and invests in various resource based opportunities with a goal of long term profitability. This encompasses, among other things, investing in the minerals sector and potentially the acquisition of royalties.

Investments Overview

Alderon
On December 8, 2010, Alderon successfully earned a 100% interest in the Kami iron ore project located in western Labrador by meeting all requirements of an option agreement between the companies. In conjunction with its transfer of title to the project, the Corporation received 32,285,006 common shares of Alderon (representing approximately 45% of the issued Alderon common shares) with a market value of $86,847,000 at the time of closing. The Corporation also holds a 3% gross sales royalty relating to any potential future mining operations on the Kami property.

By virtue of its large shareholding position and its board participation, the Corporation accounts for its interest in Alderon using the equity method. Under this method, the Corporation will pick up its proportionate share of the net earnings (loss) of Alderon, with a corresponding adjustment to the carrying value of the investment.

In December 2010, Alderon completed a private placement financing for gross proceeds of $20,075,000, which reduced the Corporation's ownership interest from 45% to 40%. Furthermore, in January Alderon appointed BBA Inc. and Stassinu Stantec Limited Partnership to conduct a Scoping Study on the Kami Project. Subsequently, Alderon initiated discussions with Iron Ore Company of Canada on use of the Quebec North Shore & Labrador railway and also with the Port of Sept-Iles for access to their soon to be constructed deep water multi-user facility. These discussions serve as a means to firm up accountabilities, logistics and costs as part of a Feasibility Study to be completed during 2012.

On April 5, 2011 Alderon released results of its NI 43-101 technical report of the Kami Project. The initial resource estimate included an indicated iron ore resource of 490 million tonnes at 30.0 per cent iron and an additional inferred resource of 118 million tonnes at 30.3 per cent iron, based on a cut-off grade of 20 per cent iron. The resource estimate is based on the Rose Central and Mills Lake zones.

Subsequent metallurgical results of the Rose Central and Mills Lake zones were also released by Alderon. Highlights of the results include the projected weight recovery of 37.8% and iron recovery of 82.8%. Alderon is considering the production of a single combined concentrate from spiral (density) and magnetic separation processes. Approximately 78% of the total concentrate is expected to be produced by the spirals and 22% by the mag-plant. The testwork demonstrates that a concentrate is anticipated that is acceptable for market demands, having very low deleterious elements and with manganese within an acceptable range at 0.75%, which will allow for the broadest possible market for the Kami product.

On September 8, 2011, Alderon released results of the PEA study on the Rose Central Deposit of the Kami property completed by BBA Inc. ("BBA") located in Montreal, Quebec and Stassinu Stantec Limited Partnership ("Stantec") located in St. John's, Newfoundland & Labrador. The PEA demonstrates very attractive project economics. Based on a production rate of 8 million tonnes per year of iron ore concentrate at a grade of 65.5% iron and an iron recovery of 82.8%, the PEA shows a Net Present Value ("NPV") of US$3.07 billion at a cash flow discount rate of 8%. The internal rate of return ("IRR") for the project is 40.2%. The level of accuracy of the PEA is considered to be -20%/+30%. The PEA is currently based only on the development of the defined resources of the Rose Central deposit and not on the Rose North deposit.

On September 13, 2011 Alderon released the results of the initial NI 43-101 mineral resource estimate on the North Rose deposit of the Kamistiatusset (Kami) iron ore project. The inferred mineral resource estimate at North Rose totals 480 million tonnes at 30.3 per cent iron based on a cut-off grade of 20 per cent iron. The resource estimate for all three zones (North Rose, Rose Central and Mills Lake) within the Kami project is: 490 million tonnes at 30.0 per cent iron indicated and 598 million tonnes at 30.3 per cent iron inferred.

2260761

The Corporation currently holds a 72.8% interest in 2260761, a company co-founded with Mr. Paul van Eeden to invest in early-stage companies with a goal of long term capital appreciation. The financial results of 2260761 are included in the Corporation's consolidated financial statements by virtue of the Corporations ownership percentage. The total asset values of 2260761 were as follows:

Amounts in thousands of dollars

$	July 31, 2011	April 30, 2011
Cash and marketable securities	**11,833**	13,263
Mining and other investments	**18,252**	18,838
Total	**30,085**	32,101

The value of investments declined as a result of the increased financial turmoil caused by concerns over sovereign debt. 2260761 will continue to prudently monitor and evaluate investment opportunities in the resource sector over the coming months.

NLRC

The Corporation currently holds a 39.6% equity interest in NLRC, a private company that has earned permitting rights to and proposed the construction of a new 300,000 barrel per day crude oil refinery at Southern Head, Placentia Bay, Newfoundland and Labrador, Canada. NLRC is currently operating under a creditor standstill period with a mandate to sell its assets or complete financing of the project.

NLRC continues to seek out a strategic partner or buyer for the refinery project. Efforts of late have focused mainly on Asian based state owned interests.

Mineral Exploration Projects Overview

The Corporation's goal is to develop new exploration concepts and to continually refresh the Corporation's portfolio of exploration projects resulting in third party funding agreements. Project generation primarily focuses on early-stage 'grassroots' exploration in prospective geological terranes for an array of commodities that currently include iron ore, gold, nickel, copper, and other base metals. As a result of these efforts the Corporation currently has six active earn-in agreements or exploration alliances with various third parties on properties located throughout the province of Newfoundland and Labrador in Canada.

The Corporation incurred $893,000 in net exploration expenditures during the three months ended July 31, 2011 as well as $215,000 on early-stage reconnaissance in several areas throughout Newfoundland and Labrador, Quebec, Yukon and Nunavut with the goal of identifying additional exploration projects of merit.

In December, 2010, the Corporation entered into a strategic exploration alliance with CNR for nickel (including Ni-sulphide and nickel-iron alloy minerals) and chromium within specific areas of Newfoundland and Labrador. The alliance combines the Corporation's exploration expertise in Eastern Canada with the capital funding, development and operating strength of CNR. CNR is funding regional and generative exploration to a value of $2,200,000 within specific areas over a two year period with the goal of identifying new grassroots exploration targets. The generated targets will be presented to CNR which can then choose to designate such projects as joint ventures. Projects designated as joint ventures will initially be held 50-50, subject to a 1% NSR royalty in favour of the Corporation. CNR will have an option to increase its participating interest to 70% by funding $4,000,000 in exploration expenditures, including 3,000 metres of drilling, by the fourth anniversary of the joint venture agreement. CNR may subsequently increase its participating interest to 90% by completing and funding a bankable feasibility study. Work under the alliance commenced in the fall of 2010 and field programs resumed in June 2011. 4,200 mineral claims (105,000 Ha) have been staked over prospective areas.

In early 2011, the Corporation staked 22 licenses comprising 1,799 claims (44,975 Ha) which comprise the Saglek iron ore project in northern coastal Labrador, located between 140 and 240 km north of Voisey's Bay. During the quarter, the Corporation finalized an agreement with

CNR, to expand the existing alliance to include the Saglek iron project. Under the expanded alliance, CNR is expected to fund and Altius is expected to carry out regional generative exploration to a value of approximately $400,000 on the Saglek claims, and a total of $2,200,000 within the broader alliance area of interest. The claims cover seven priority target areas identified from mapped Archean iron formation and associated magnetic anomalies. An initial reconnaissance program of mapping and sampling was completed in the late summer and results are pending.

Under an option agreement with the Corporation, Rio Tinto Exploration Canada Inc. ("Rio Tinto") continued to explore eight exploration licenses throughout the western Labrador iron ore mining district. An earn-in exploration and royalty agreement was executed in December 2008 allowing Rio Tinto to earn up to a 70% interest in the licenses in stages by spending up to $7,000,000 in exploration expenditures within five years. The Corporation retains a 3% gross overriding royalty of which 1% may be purchased for $10,000,000 on or before the tenth anniversary of the agreement. Initial drilling was undertaken during summer 2010 on some of the claims and Rio Tinto has recently advised the Corporation that further drilling and ground gravity surveys were undertaken during the quarter. Results are pending.

The Topsails property, a 50/50 alliance between the JNR Resources Inc. ("JNR") and the Corporation, is located near the former mining community of Buchans. Results from 2010 include the discovery of at least three new granite-hosted prospects: Koorae Prospect: up to 0.84% Cu, 0.9 g/t Ag and 0.02% Mo from porphyritic rocks and up to 0.91% Cu, 3.9 g/t Ag and 0.008% Mo from granodioritic host rocks; Sheffield Lake South Prospect: up to 0.36% Cu and 66.4 g/t Ag and 0.14% Cu and 0.16% Mo, from felsic intrusive rocks. In addition, high-grade mineralization of 3.9% Mo and 95.3 g/t Ag was discovered. The Corporation and JNR are planning an additional trenching and soil sampling program in early fall 2011 pending approval of all exploration permits, and are seeking a senior partner for this project.

The Snelgrove Lake project is wholly owned by the Corporation and is located approximately 50 kilometres southeast of the past-producing Schefferville iron ore mining district. Iron formation outcrops are evident over a strike length of 28 kilometres. Iron assays are typical of taconite iron formation in the region and yielded a median value of 32% iron (n=184 samples). However, targets on this project include both potential large tonnage taconite resources and high-grade direct shipping ore (DSO) deposits similar to the Sawyer Lake deposit located immediately south of the Snelgrove Lake claims. During the quarter, the Corporation completed additonal mapping and sampling on the claims and have commissioned a NI 43-101 report expected for the next quarter. Plans are underway for an airborne magnetic survey, designed to identify direct shipping ore targets. The Corporation is actively seeking a partner to conduct the first drill program on this project.

The Corporation holds mineral rights covering the projected extensions of the Julienne Lake deposit under Wabush Lake and Julienne Lake in Labrador West, approximately 15 km northeast of Iron Ore Company of Canada's Carol Lake operation. The deposit contains a historic and non-NI 43-101 compliant resource of 558.8 million tonnes grading 35% iron which is currently the subject of $2.1 million work program initiated by the Newfoundland and Labrador provincial government. The Corporation recently completed over lake ice and ground gravity survey to evaluate the resource potential of the Julienne Lake deposit on its claims. Preliminary results were received during the quarter and show coincident positive gravity and magnetic anomalies trending along strike in both the northeast and southwest directions from the existing deposit which is owned by the province. The Corporation continues to market this project to potential partners and is awaiting the release of exploration results by the Government of Newfoundland on the adjacent properties.

The Corporation also acquired by staking 4,979 claims (124,475 hectares) in western Labrador known the Trough Iron project. The claims cover much of the known extent of iron formation between the Labrador City/Wabush and the Schefferville mining camps and, along with Altius' other projects in the region, make the Corporation the largest mineral claim holder in the belt. The Corporation has commissioned a regional scale airborne magnetics survey which began in June 2011. Final results are expected in fall 2011 and a follow up field program is also set to begin in September.

The wholly-owned Taylor Brook project is located in western Newfoundland and hosts high grade nickel-copper-PGE mineralization. Previous drilling revealed that four of five airborne EM conductors tested were due to occurrences of nickel-bearing massive sulphides, including intercepts such as 4.5% nickel, 0.16% copper, and 0.073% cobalt over a core length of 0.95 meters. During Q3 the Corporation intends to conduct ground follow up of selected targets from a 2,417 km airborne EM-Mag survey flown in 2010. The Corporation now holds title to 219 square kilometers centered on the Taylor Brook nickel property and is seeking a partner to advance this drill-ready project.

In 2010 the Corporation conducted additional prospecting and sampling on its wholly-owned Natashquan nickel-copper-PGE project located in southern Labrador. An airborne EM and magnetics survey in 2008 and subsequent prospecting resulted in the discovery of semi-massive to massive sulphide mineralization. Assays include up to 8.35% Cu and 3.48 g/t TPGE’s as well as 1.07% Ni from grab samples in hand dug trenches. Soil sampling also identified multi-element soil geochemical anomalies over other EM targets. The Corporation is seeking a partner to advance these grassroots discoveries and has conducted additional work in the region in 2011.

In early 2011, the Corporation was granted 17 'prospecting permits' (totaling 283,105 Ha) in Nunavut that provided the Corporation with a 2-year exclusive right to stake claims over the same area. The company is targeting iron formation-hosted gold as well as base metals in a ~75 km long belt north of Wager Bay, in the Kivalliq region of Nunavut. The region hosts the Meadowbank gold mine and the feasibility-stage Meliadine gold project. During summer 2011, the Corporation initiated a field program with the objective of generating new targets that will be marketed to potential partners. Results are pending.

On September 20, 2011 the Corporation and Century signed a principal agreement and a royalty agreement covering four of the Corporation’s regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville.

Under the Agreements, Century may acquire a 100% interest in the four projects for exploration expenditures of $7 million per project and the issuance of 5 million Century shares cumulatively over a 5-year period. The Corporation will retain a 1% to 4% sliding scale Gross Sales Royalty ("GSR") on the properties as well as additional consideration of "bonus" Century shares as National Instrument 43-101 compliant iron ore resources are defined above various thresholds. The Agreements are subject to receipt of formal approval by Century's board of directors and acceptance by the TSX.

Table 1: Summary of Exploration Projects, including wholly-owned projects and those under JV/Option Agreements

Property	Partner	Agreement type	Status
Alexis River – uranium (Southern Labrador)	Kirrin Resources Inc[a]	Earn in	Analysis of lake sediment samples in progress.
Snelgrove Lake - iron ore (Western Labrador)	-	-	Field program underway in Q2 and Q3, planning airborne gravity survey, seeking partner.
Labrador West - iron ore (Western Labrador)	Rio Tinto *(formerly Kennecott Canada Exploration Inc)*[a]	Earn in	Geophysics and drilling completed in Q2 2011. Results pending.
Moosehead – gold Central Newfoundland	Agnico-Eagle Mines Ltd.	Joint venture (51% Agnico-Eagle)	Designing next exploration phase; seeking third party JV partner.
Newfoundland Ferro Alloys - nickel, chromium (Newfoundland)	Cliffs Natural Resources	Strategic Alliance	2011 program commenced in May and ongoing.
Notakwanon – uranium (Northern Labrador)	-	-	Marketing to potential partners; planning next phase.
Rocky Brook – uranium (Western Labrador)	JNR Resources Inc[a]	Joint venture (73.4% JNR)	No work planned for 2011.
Saglek – Iron (Northern Labrador)	Cliffs Natural Resources	-	2011 field program completed; results pending.
Taylor Brook – nickel-PGE (Western Newfoundland)	-	-	Q3 ground follow up of airborne survey planned.
Topsails – copper-molybdenum (Central Newfoundland)	JNR Resources Inc	Alliance	2011 program of mapping, , trenching planned pending work permits; seeking senior partner.

Property	Partner	Agreement type	Status
Trough Iron - iron ore projects (Astray, Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation	Earn-in(100%) and 1% to 4% sliding scale GSR	2011 airborne survey and field program ongoing in Q2; 100% earn-in agreement signed with Century in September 2011.
Wing Pond – gold (Central Newfoundland)	-	-	Trenching and sampling planned for Q3 2011; seeking partner.
Wager Bay – gold (Nunavut)			Field program initiated in Q2; results pending; seeking senior partner.

[a] *indicates operator*

Table 2: Summary of Exploration and Pre-Development Stage Royalties

Property	Explorer/Developer	Royalty	Status
Kamistiatusset - iron ore (Western Labrador)	Alderon Resources Limited [a]	3% GSR	NI 43-101 indicated resource of 490 million tonnes at 30.0% iron and an additional inferred resource of 118 million tonnes at 30.3% iron; 26,000 m drill program completed with additional positive results. Positive metallurgical results and positive PEA released. Updated resource estimate expected in Fall 2011.
Labrador West - iron ore (Western Labrador)	Rio Tinto *(formerly Kennecott Canada Exploration Inc)*	3% GSR; 1% buyback	Geophysics and drilling completed in Q2 2011. Results pending.
Revelation (Alaska)	Millrock Resources Ltd. ("Millrock")	2% NSR on gold; 1% NSR on base metals;	Millrock is seeking a partner to conduct further work; mapping and sampling planned for 2011.
Cristo – copper-gold (Alaska)	Millrock /Brixton Metals Corp	2% NSR on gold; 1% NSR on base metals[a]	Exploration expenditures of US$5,000,000 required by December 31, 2013 by Brixton Metals Corp.

Property	Explorer/Developer	Royalty	Status
Topsails - copper-molybdenum (Central Newfoundland)	JNR Resources Inc	2% GSR on uranium; 2% NSR on all other commodities	2011 program of mapping, trenching planned pending work permits; seeking senior partner.
Viking – gold (Western Newfoundland)	Northern Abitibi Mining Corp[a]	2-4% sliding scale NSR	3,500 – 4,000 m drilling program underway to expand resource; NI 43-101 Inferred Resource of 6,284,000 tonnes at 0.61 g/t gold, (123,242 ounces).
Central Mineral Belt – uranium (Central Labrador)	Paladin Energy Limited	3% GSR	Project recently purchased by Paladin Energy Ltd. from Fronteer Gold Inc.
Nuiklavik - rare earth elements (Northern Labrador)	Rare Element Resources	2% GOR; (1% buyback for $2.5m)	Operator is seeking a partner to conduct further work.
Humble - copper-gold-molybdenum (Alaska)	Millrock/ Kinross Gold Corporation	2% NSR on gold; 1% NSR on base metals;	Drill program planned for 2011; Kinross to spend US$4 million in exploration by December 31, 2013.
Saglek – Iron (Northern Labrador)	Cliffs Natural Resources	1% NSR	2011 field program completed; results pending.

[a] *indicates operator*

Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The certifying officers have evaluated the effectiveness of the Corporation's internal control over financial reporting as of July 31, 2011 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The condensed consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the three months ended July 31, 2011.

There has been no change in the Corporation's internal control over financial reporting during the Corporation's period ended July 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of July 31, 2011 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

New and Future Accounting Pronouncements Update

International Financial Reporting Standards ("IFRS")

The Corporation adopted IFRS effective May 1, 2011 and has prepared the current interim financial statements using IFRS Accounting Policies. Prior to the adoption of IFRS, the financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles ("Previous GAAP"). The Corporation's financial statements for the year ending April 30, 2012 will be the first annual financial statements that comply with IFRS.

IFRS are premised on a conceptual framework similar to Previous GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption had a small impact on the consolidated balance sheets and statements of comprehensive income.

Under Previous GAAP, share - based payments were expensed on a straight line basis over the period of vesting. Under IFRS, expenses relating to stock options must be recognized on an accelerated basis over the vesting period for each tranche of shares, resulting in acceleration in the timing of stock-based compensation expense (graded vesting). The Corporation has adjusted share based compensation expense in the comparative periods and has adjusted opening retained earnings on the IFRS opening balance sheet to reflect this revised timing of stock option expense.

Under Previous GAAP, the value of SARs to expense in a given period was calculated using the intrinsic value method. The intrinsic value is the amount by which the share price exceeds the reference price of a given instrument multiplied by the number of units outstanding. Under IFRS, the SARs expense to recognize is determined using an option pricing model at each period-end. The Corporation has selected the Black-Scholes method for valuing the SARs under IFRS at each respective period. The Corporation has adjusted share based compensation expense in the comparative periods to reflect this valuation method. There was no impact on the opening IFRS balance sheet because the SARs awards occurred after the opening balance sheet date.

The Corporation has adjusted deferred income tax expense to reflect the changes noted in the items above. In addition, under IFRS, deferred taxes must be classified as long term. The Corporation has reclassified the short-term portion of deferred taxes to long term to reflect the IFRS requirement.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the rates for amortization of the royalty interest, deferred income taxes, assessments of the recoverability of deferred exploration expenditures, the carrying value and assessment of other than temporary impairment of investments, the recoverability of accounts receivable and loans, the determination of the provision for decommissioning and site restoration costs, the assumptions used in the determination of the fair value of share based compensation and SARs, and the assumptions used in the determination of the fair value of derivatives for which there is no publicly traded market.

Risk Factors and Key Success Factors

An investment in securities of the Corporation involves a significant degree of risk that should be considered prior to making an investment decision. In addition to discussions of key success factors and business issues elsewhere in this MD&A, the investor should consider the following risk factors:

Operational and Development Risk
The Corporation operates in the mineral exploration sector, which implicitly involves a high degree of risk caused by limited chances of discovery of an economic deposit and eventual mine development. The Corporation mitigates this risk by cost-sharing with exploration partners and by continuously evaluating the economic potential of each mineral property at every stage of its life cycle.

Development Stage Projects
Profits from commercial operations will depend on a significant number of factors, including economic feasibility, changing market conditions, environmental and governmental regulations, labour availability, the cost of and the ability to attract external financial capital, and the ability to attract partners with sufficient technical expertise and relevant industry experience to further develop the various projects. Any failure to meet one or a combination of these factors may result in project delays or potential cancellation and the Corporation's future operating results may be adversely affected.

Issues Affecting Royalty Revenue
The level of cash flows from the Voisey's Bay royalty are subject to various economic factors, including the underlying commodity prices and smelting and other operating costs, which are deducted from the net smelter return. Royalty payments are highly dependent on the operating and commercial success of the underlying operating company. Various factors, such as commodity price, operating costs, financing costs, labour availability, labour stability, environmental and stakeholder relations or any combination thereof could make an underlying operation unprofitable. Although short-term losses are not expected to affect the decision to keep an operation open, prolonged operating losses could induce the miner operator to close its operations, thereby eliminating such royalty revenue.

Exposure to Mineral Price Fluctuations
Changes in the market price of nickel and to a lesser extent copper and cobalt significantly impact the Corporation's revenue from the Voisey's Bay Royalty. The Corporation's financial results are sensitive to external economic criteria related to the price of nickel. A substantial risk of lower royalty payments arises when there is a prolonged period of lower nickel prices. Many factors beyond the Corporation's control influence the market price of nickel, including global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other nickel-producing countries.

The Ability to Attract Partners for Exploration
The probability of successfully progressing early stage projects is dependent on an ability to attract exploration partners to share project expenditures and to provide additional technical expertise required to develop projects. If the Corporation is unable to attract partners to cost-share project expenditures and to provide additional technical expertise, the level of exploration the Corporation could perform with limited personnel may be adversely impacted. This could affect the likelihood of discovering future commercially feasible projects.

Debt and Equity Financing
Because of their size and scale, the success of some resource-based projects depends on the ability of the Corporation, its partners or its investments to raise the financial capital required to successfully construct and operate a project. This ability may be affected by general economic and market conditions, including the perceived threat or actual occurrence of an economic recession or liquidity issues. If market conditions are not favourable, major resource based projects could be cancelled or the expected rate of return to the Corporation may be significantly diminished.

Government Regulations
The Corporation's operations are subject to extensive governmental regulations with respect to such matters as environmental protection, health, safety and labour; mining law reform; restrictions on production or export, price controls and tax increases; aboriginal land claims; and expropriation of property in the jurisdictions in which it operates. Compliance with these and other laws and regulations may require the Corporation to make significant capital outlays which may slow its growth by diverting its financial resources. The enactment of new adverse regulations or regulatory requirements or more stringent enforcement of current regulations or regulatory requirements may increase costs, which could have an adverse effect on the Corporation. The Corporation cannot give assurances that it will be able to adapt to these regulatory developments on a timely or cost effective basis. Violations of these regulations and regulatory requirements could lead to substantial fines, penalties or other sanctions.

Key Employee Attraction and Retention
The Corporation's continued success is highly dependent on the retention of key personnel who possess business and technical expertise and are well versed in the various projects underway and under consideration. The number of persons skilled in the acquisition, exploration and development of natural resource and mining projects is limited and competition for such persons

is intense. As the Corporation's business activity grows, additional key financial, administrative and operations personnel as well as additional staff may be required. Although the Corporation believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Corporation is not successful in attracting, training and retaining qualified personnel, the efficiency of operations may be affected. Additionally, should any key person decide to leave, then the success of one or more of the projects under consideration could be at risk.

Exploration Alliances
The Corporation's objective is to create joint ventures or corporate structures related to the opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests. In certain circumstances the Corporation must rely on the decisions and expertise regarding operational matters for properties, equity interests and other assets including: whether, when and how to commence permitting; feasibility analysis; facility design and operation, processing, plant and equipment matters; and the temporary or permanent suspension of operations. In some of these instances, it may difficult or impossible for the Corporation to ensure that the properties and assets are operated in its best interest.

Financial Instrument Risk

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.

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted below.

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.

Foreign currency risk
The Corporation is exposed to foreign currency fluctuations on a portion of its accounts receivable related to royalty revenue, which is denominated and paid in U.S. Dollars. 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.

Other price risk
The value of the Corporation’s mining and other 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. The Corporation does not utilize any derivative contracts to reduce this exposure.

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 due to low trading volumes on some investments. The Corporation does not enter into any derivative contracts to reduce this exposure.

Interest rate risk
The Corporation does not have any debt and is therefore not exposed to interest rate risk on liabilities. The Corporation’s cash and marketable securities may fluctuate in value depending on the market interest rates and the time to maturity of the instruments. The Corporation manages this risk by limiting the maximum term to maturity on invested funds or holding the investments to maturity.

Outstanding Share Data

At September 29, 2011, the Corporation had 28,865,662 common shares outstanding and 858,000 stock options outstanding.

The following schedule outlines the major categories of mineral properties, deferred exploration costs, and security deposits at July 31, 2011.

(Amounts in thousands of dollars)

Location	Primary Metal	Acquisitions	Wages	Geology / Geophysics	Drilling	Travel & Other	Recovered Property Costs	Write Down	Security Deposits	Grand Total
Labrador										
	Iron Ore	66	112	429	-	247	(28)	-	-	826
	Nickel	23	78	243	-	158	(119)	-	-	383
	Uranium	14	171	413	-	447	(879)	-	-	166
		103	361	1,085	-	852	(1,026)	-	-	1,375
Island of Newfoundland										
	Awaruite	42	53	20	-	71	(186)	-	-	-
	Base metals	11	204	99	106	86	(506)	-	-	-
	Copper	2	38	14	-	14	-	-		68
	Gold	60	213	89	-	111	(301)	(7)	-	165
	Nickel	35	42	233	-	17	(123)	(1)	-	203
	Uranium	67	1,368	1,222	832	1,254	(3,350)	-	-	1,393
		217	1,918	1,677	938	1,553	(4,466)	(8)	-	1,829
Nunavut	Gold	1	44	-	-	417	-	-	-	462
Security Deposits		-	-	-	-	-	-	-	571	571
Grand Total		321	2,323	2,762	938	2,822	(5,492)	(8)	571	4,237