ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements
For the three months ended
July 31, 2017 and 2016
(Unaudited)

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ALTIUS MINERALS CORPORATION

Condensed Consolidated Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at,

	Note #	July 31, 2017	April 30, 2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**8,775**	34,830
Accounts receivable and prepaid expenses		**5,459**	5,609
Income taxes receivable		**902**	781
Convertible debenture	8	**10,641**	-
		25,777	41,220
Non-current assets			
Interests in joint ventures	5	**149,849**	151,708
Royalty and streaming interests	7	**137,978**	141,981
Mining and other investments	6	**60,054**	44,523
Exploration and evaluation assets	4	**22,679**	22,160
Goodwill		**10,998**	10,998
Deferred tax assets	9	**4,010**	4,535
Investment in associates		**2,635**	3,320
Property and equipment		**9**	-
		388,212	379,225
TOTAL ASSETS		**413,989**	420,445
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**2,167**	3,064
Current portion of debt	10	**13,000**	11,750
Income taxes payable		**151**	493
		15,318	15,307
Non-current liabilities			
Long-term debt	10	**58,861**	66,580
Deferred tax liabilities	9	**22,527**	23,092
		96,706	104,979
EQUITY			
Shareholders' equity		**317,214**	315,394
Non-controlling interest		**69**	72
		317,283	315,466
TOTAL LIABILITIES AND EQUITY		**413,989**	420,445

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Earnings

(Unaudited - In thousands of Canadian dollars, except per share amounts)

	Note #	Three Months ended July 31, 2017	2016
		$	$
Revenue	11	**9,587**	4,588
Costs and Expenses			
General and administrative	11	**1,066**	1,268
Cost of sales - copper stream		**1,039**	264
Share-based compensation	13	**325**	248
Generative exploration		**91**	195
Exploration and evaluation assets abandoned or impaired	4	**279**	-
Mineral rights and leases		**148**	213
Amortization and depletion		**4,003**	2,609
		6,951	4,797
Earnings from joint ventures	5	**3,625**	2,691
Gain on disposal of investments	6	**193**	5,184
Interest on long-term debt		**(1,396)**	(3,450)
Foreign exchange gain (loss)		**726**	(926)
Unrealized gain on fair value adjustment of derivative	8	**519**	-
Share of loss in associates		**(685)**	-
Earnings before income taxes		**5,618**	3,290
Income taxes (current and deferred)	9	**1,126**	252
Net earnings		**4,492**	3,038
Net earnings attributable to:			
Equity holders		**4,495**	3,049
Non-controlling interest		**(3)**	(11)
		4,492	3,038
Net earnings per share			
basic	12	**0.10**	0.07
diluted	12	**0.10**	0.07

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Comprehensive Earnings

(Unaudited - In thousands of Canadian dollars)

	Three months ended July 31,	
	2017	2016
	$	$
Net earnings	**4,492**	3,038
Other comprehensive earnings (loss), net of tax		
To be reclassed subsequently to profit or loss:		
Net unrealized gain on available-for-sale investments (net of deferred income tax of $88 (2016 - $242))	**498**	1,624
Adjustment for realized gain on available-for-sale investments recognized in net earnings (net of deferred income tax recovery year to date of $nil (2016 - $600))	**-**	(3,931)
Total comprehensive earnings	**4,990**	731
Total comprehensive earnings attributable to:		
Equity holders	**4,993**	742
Non-controlling interest	**(3)**	(11)
	4,990	731

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

	Note #	Three months ended July 31, 2017 $	2016 $
Operating activities			
Net earnings		**4,492**	3,038
Adjustments for operating activities	14	**(1,165)**	(3,434)
		3,327	(396)
Changes in non-cash operating working capital	14	**(653)**	(999)
		2,674	(1,395)
Financing activities			
Proceeds from long-term debt		**-**	101,229
Repayment of long-term debt	10	**(5,427)**	(78,416)
Proceeds from issuance of common shares		**-**	38,008
Costs on issuance of preferred securities	12	**(403)**	-
Repurchase of common shares	12	**(1,678)**	-
Dividends paid	12	**(1,300)**	(1,303)
		(8,808)	59,518
Investing activities			
Proceeds from sale of investments	6	**-**	9,529
Acquisition of convertible debenture	8	**(10,000)**	-
Acquisition of Chapada copper stream		**-**	(65,481)
Proceeds from disposal of mineral properties	4	**191**	-
Cash received from joint ventures	5	**5,484**	4,393
Generative exploration	4	**(91)**	(195)
Exploration and evaluation assets, net of recoveries		**(1,039)**	(323)
Acquisition of investments	6	**(14,457)**	-
Acquisition of property and equipment		**(9)**	-
		(19,921)	(52,077)
Net (decrease) increase in cash and cash equivalents		**(26,055)**	6,046
Cash and cash equivalents, beginning of period		**34,830**	9,577
Cash and cash equivalents, end of period		**8,775**	15,623

Supplemental cash flow information (Note 14)

see accompanying notes to the Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Changes in Equity

(Unaudited - In thousands of Canadian dollars, except share amounts)

	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	#	$	#	$	$ (Note 12)	$	$	$	$	$
Balance, April 30, 2016	39,832,102	232,174	-	-	4,572	3,701	79,556	320,003	212	320,215
Net earnings and comprehensive (loss), May 1, 2016 to July 31, 2016	-	-	-	-	-	(2,307)	3,038	731	(11)	720
Shares issued	3,578,800	40,262	-	-	-	-	-	40,262	-	40,262
Share issue costs	-	(1,762)	-	-	-	-	-	(1,762)	-	(1,762)
Warrants issued	-	-	-	-	947	-	-	947	-	947
Dividends paid	-	-	-	-	-	-	(1,303)	(1,303)	-	(1,303)
Share-based compensation (Note 13)	-	-	-	-	248	-	-	248	-	248
Shares issued under long-term incentive plan	14,752	200	-	-	(200)	-	-	-	-	-
Balance, July 31, 2016	43,425,654	270,874	-	-	5,567	1,394	81,291	359,126	201	359,327
Net (loss) and comprehensive earnings, August 1, 2016 to April 30, 2017	-	-	-	-	-	3,898	(67,904)	(64,006)	(129)	(64,135)
Shares repurchased and cancelled	(90,000)	(561)	-	-	-	-	(311)	(872)	-	(872)
Securities issued	-	-	2,500,000	21,997	-	-	-	21,997	-	21,997
Share issue costs	-	(85)	-	(678)	-	-	-	(763)	-	(763)
Warrants issued	-	-	-	-	3,003	-		3,003	-	3,003
Dividends paid	-	-	-	-	-	-	(3,901)	(3,901)	-	(3,901)
Share-based compensation	-	-	-	-	810	-	-	810	-	810
Balance, April 30, 2017	43,335,654	270,228	2,500,000	21,319	9,380	5,292	9,175	315,394	72	315,466
Net earnings and comprehensive earnings May 1, 2017 to July 31, 2017	-	-	-	-	-	498	4,495	4,993	(3)	4,990
Shares repurchased and cancelled (Note 12)	(153,689)	(958)	-	-	-	-	(720)	(1,678)	-	(1,678)
Preferred securities distribution (Note 12)	-	-	-	(332)	-	-	-	(332)	-	(332)
Share issue costs (Note 12)	-	-	-	(188)	-	-	-	(188)	-	(188)
Dividends paid	-	-	-	-	-	-	(1,300)	(1,300)	-	(1,300)
Share-based compensation (Note 13)	-	-	-	-	325	-	-	325	-	325
Shares issued under long-term incentive plan	26,326	319	-	-	(319)	-	-	-	-	-
Balance, July 31, 2017	**43,208,291**	**269,589**	**2,500,000**	**20,799**	**9,386**	**5,790**	**11,650**	**317,214**	**69**	**317,283**

see accompanying notes to the Condensed Consolidated Financial Statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation ("Altius" or the "Corporation") is a diversified mining royalty, streaming and mineral project generation company with royalty and streaming interests in 15 operating mines located throughout Canada and Brazil. The royalty and stream interests cover mining operations producing copper, zinc, nickel, cobalt, iron ore, precious metals, potash and thermal (electrical) and metallurgical coal. The Corporation holds other pre-development stage royalty interests, and several other earlier stage royalties that were created through project generation. It also holds equity interests in non-precious metals royalty companies, as well as various junior mineral exploration companies that undertake a project generation and joint venture type business model.

Altius is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is Suite 202, 66 Kenmount Road, St. John's, Newfoundland and Labrador, Canada A1B 3V7.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on September 14, 2017.

2. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in accordance with *International Accounting Standards ("IAS") 34, Interim Financial Reporting* using the same accounting policies and methods of computation as the Corporation's most recent annual consolidated financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or available-for-sale investments which are measured at fair value. Additionally, these unaudited condensed consolidated financial statements have been prepared using the accrual basis of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

The accounting policies and estimates applied in the Corporation's unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements as at and for the year ended April 30, 2017.

The following new and amended standards are effective for annual periods beginning on or after January 1, 2018 or later, with earlier adoption permitted.

IFRS 9 - Financial Instruments was issued by the IASB on July 24, 2014 and will replace *IAS 39, "Financial instruments: recognition and measurement"* (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers. This standard is effective for annual periods beginning on or after January 1, 2018 and provides a single, principles based five-step model to be applied to all contracts with

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS (CONTINUED)

customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 16 – Leases. This standard specifies how a reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019.

The Corporation has not early adopted these amendments and standards and continues to assess the impact they will have on the consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Project	Note	As at April 30, 2017	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at July 31, 2017
		$	$	$		$
Labrador						
Natashquan River - Nickel		523	-	-	-	523
Julienne Lake/ Labrador West - Iron Ore		1,898	-	-	-	1,898
Other		204	5	(1)	-	208
Newfoundland						
Moosehead II - Gold		282	3	-	-	285
Taylor Brook - Nickel		278	-	(278)	-	-
Other	a	146	89	-	-	235
New Brunswick - Zinc		21	33	-	-	54
Quebec - Gold		7	255	-	-	262
Manitoba - Diamonds		-	153	-	-	153
Saskatchewan						
Coal		16,991	-	-	(191)	16,800
Potash		500	-	-	-	500
Gold, Silver		8	26	-	-	34
Copper		10	2	-	-	12
United States - Base metals		672	26	-	-	698
Ireland - Base metals		204	11	-	-	215
Finland - Gold, Nickel		51	387	-	-	438
Australia - Zinc, Silver		41	-	-	-	41
Security Deposits		324	(1)	-	-	323
Total		**22,160**	**989**	**(279)**	**(191)**	**22,679**

a. *Regional Gold Projects*

On March 30, 2017 the Corporation completed an agreement to option six projects covering 41,325 hectares located along the projection of the major structural corridor hosting gold mineralization at Antler Gold Inc's

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

("Antler") Wilding Lake Project and Marathon Gold Corporation's Valentine Lake Project. During the quarter ended July 31, 2017, the Corporation received 980,000 Antler common shares as consideration under the option agreement and may retain a 2% NSR royalties over the new projects. The agreement remains in good standing. Antler has committed to fund a minimum of $300,000 in exploration expenditures on the additional projects within the first year.

Project	As at April 30, 2016	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at April 30, 2017
	$	$	$		$
Labrador					
Natashquan River - Nickel	523	-	-	-	523
Julienne Lake/ Labrador West - Iron Ore	1,896	2	-	-	1,898
Other	100	104	-	-	204
Newfoundland					-
Buchans - Zinc	349	169	-	(518)	-
Taylor Brook - Nickel	276	2	-	-	278
Katie - Zinc	181	8	-	(189)	-
Moosehead II - Gold	143	139	-	-	282
Wilding Lake - Gold	14	(14)	-	-	-
Other	-	151	-	(5)	146
New Brunswick - Zinc	-	21	-	-	21
Quebec - Gold	-	7	-	-	7
Alberta, British Columbia & Saskatchewan					
Coal	21,294	(191)	(4,112)	-	16,991
Potash	500	-	-	-	500
Gold, Silver	-	8	-	-	8
Copper	-	10	-	-	10
United States - Base metals	574	98	-	-	672
Ireland - Base metals	338	134	-	(268)	204
Finland - Gold, Nickel	-	51	-	-	51
Australia - Zinc, Silver	-	41	-	-	41
Security Deposits	150	176	-	(2)	324
Total	26,338	916	(4,112)	(982)	22,160

5. INTERESTS IN JOINT VENTURES

	LNRLP (1)	Prairie Royalties	Other	Total
	$	$	$	$
Balance April 30, 2016	5,717	223,823	-	229,540
Additions	-	-	233	233
Share of earnings (loss)	(365)	(57,456)	(233)	(58,054)
Cash (receipts) disbursements	365	(20,376)	-	(20,011)
Balance, April 30, 2017	5,717	145,991	-	151,708
Share of earnings (loss)	(172)	3,797	-	3,625
Cash (receipts) disbursements	172	(5,656)	-	(5,484)
Balance, July 31, 2017	**5,717**	**144,132**	**-**	**149,849**

(1) Labrador Nickel Royalty Limited Partnership

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

6. MINING AND OTHER INVESTMENTS

	$
Balance, April 30, 2016	34,636
Additions	14,271
Disposals	(6,121)
Impairment recognition	(250)
Revaluation	1,987
Balance, April 30, 2017	44,523
Additions	14,944
Revaluation	587
Balance, July 31, 2017	**60,054**

During the three month period ended July 31, 2017, the Corporation recorded a gain of $193,000 related to an exchange of shares on an available for sale investment. The Corporation disposed of and reclassified investments having a carrying value of $4,345,000 for gross cash proceeds of $9,529,000 and recognized a gain on disposal of $5,184,000 during the three month period ended July 31, 2016.

7. ROYALTY AND STREAMING INTERESTS

	As at April 30, 2017	Additions / Reclassifications	**As at July 31, 2017**
	$	$	$
Royalty interests			
Rocanville - Potash	5,000	-	**5,000**
Esterhazy - Potash	3,000	-	**3,000**
Other potash	7,000	-	**7,000**
Coal & coal bed methane	8,000	-	**8,000**
777 Mine - Copper & zinc	47,356	-	**47,356**
Gunnison - Copper	5,300	-	**5,300**
Sheerness West - Coal	9,000	-	**9,000**
Streaming interest			**-**
Chapada - Copper	77,634	-	**77,634**
Balance, end of period	162,290	-	**162,290**
Accumulated amortization and depletion			
Rocanville - Potash	49	4	**53**
Esterhazy - Potash	47	4	**51**
Other potash	37	1	**38**
Coal & coal bed methane	1,167	100	**1,267**
777 Mine - Copper & zinc	15,985	2,332	**18,317**
Gunnison - Copper	-	-	**-**
Sheerness West - Coal	-	-	-
Streaming interest			-
Chapada - Copper	3,024	1,562	**4,586**
Balance, end of period	20,309	4,003	**24,312**
Net book value	141,981	(4,003)	**137,978**

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

7. ROYALTY AND STREAMING INTERESTS (CONTINUED)

	As at April 30, 2016	Additions / Reclassifications	As at April 30, 2017
	$		$
Royalty interests			
Rocanville - Potash	5,000	-	5,000
Esterhazy - Potash	3,000	-	3,000
Other potash	7,000	-	7,000
Coal & coal bed methane	8,000	-	8,000
777 Mine - Copper & zinc	47,356	-	47,356
Gunnison - Copper	5,300	-	5,300
Sheerness West - Coal	9,000	-	9,000
Streaming interest			
Chapada - Copper	-	77,634	77,634
Balance, end of period	84,656	77,634	162,290
Accumulated amortization and depletion			
Rocanville - Potash	33	16	49
Esterhazy - Potash	32	15	47
Other potash	-	37	37
Coal & coal bed methane	800	367	1,167
777 Mine - Copper & zinc	7,850	8,135	15,985
Gunnison - Copper	-	-	-
Sheerness West - Coal	-	-	-
Streaming interest			
Chapada - Copper	-	3,024	3,024
Balance, end of period	8,715	11,594	20,309
Net book value	75,941	66,040	141,981

8. CONVERTIBLE DEBENTURE

	Debt receivable	Equity option	Total
	$	$	$
Balance, April 30, 2017	-	-	-
Acquisition	9,147	853	10,000
Revaluation	-	519	519
Accretion	122	-	122
Balance, July 31, 2017	**9,269**	**1,372**	**10,641**

8. CONVERTIBLE DEBENTURE (CONTINUED)

On June 1, 2017, the Corporation invested $10 million in an unsecured subordinated convertible debenture (the "Debenture") of Champion Iron Limited ("Champion"). The investment is a component of a $40 million debt and equity bridge financing which Champion arranged for its subsidiary Quebec Iron Ore Inc. ("QIO") in connection with the proposed restart of operations at QIO's Bloom Lake Iron Mine ("Bloom Lake") located near Fermont, Quebec. The Debenture is convertible at the option of the Corporation at any time into Champion common shares at a conversion price of $1.00 per share. If Champion and QIO fail to complete a master financing of a minimum of $212 million to finance certain Bloom Lake capital expenditures by November 30, 2017 then the conversion price will be adjusted to the lesser of $1.00 or to the five-day weighted average trading price of the shares on the TSX determined as of the date of conversion. The maximum number of shares that may be issued upon conversion of the Debenture is 50,000,000 with the balance of the unconverted principal amount of the Debenture, if any, to be repaid in cash or converted into a proportion of a royalty at the option of Champion. If the principal amount is not repaid in full on or before the second anniversary of the Debenture, Altius will have the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on the Bloom Lake project. The Debenture has an initial term to maturity of 12 months and will bear interest at a rate of 8% payable quarterly. Six months of interest in the amount of $400,000 was withheld on the Debenture of which $133,669 has been recognized in the three months ended July 31, 2017.

The Debenture was determined to be a compound instrument consisting of a loan receivable and equity components. The Corporation has recorded the debt component of the Debenture as a loan and receivable using the amortized cost method with an effective interest rate of 16.67%. During the three months ended July 31, 2017 the Corporation recognized accretion of $122,000 as interest income. The Corporation has recorded the convertible equity option as a derivative. The royalty option was determined to have $nil value due to the unlikely probability of its occurrence. Derivative instruments are considered held for trading investments and are recorded at fair value with changes in value through earnings. During the three months ended July 31, 2017 the Corporation recorded an unrealized gain on fair value of derivatives of $519,000.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

9. INCOME TAXES

Significant components of the net deferred income tax liability are as follows:

	July 31, 2017	April 30, 2017
	$	$
Temporary differences related to exploration and evaluation assets, property and other	**(2,431)**	(2,529)
Non capital and net capital loss carryforwards	**883**	1,310
Carrying value of investments in excess of tax values	**(1,094)**	(1,351)
Deferred and deductible share-based compensation	**650**	708
Share and debt issue costs	**1,510**	1,548
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	**(18,035)**	(18,243)
	(18,517)	(18,557)

	July 31, 2017	April 30, 2017
	$	$
Deferred tax liabilities	**(22,527)**	(23,092)
Deferred tax assets	**4,010**	4,535
Total deferred income tax	**(18,517)**	(18,557)

Components of income tax are as follows:

	Three months ended July 31, 2017	2016
Current tax	**1,174**	1142
Deferred tax	**(48)**	(890)
	1,126	252

10. DEBT

At amortized cost	**July 31, 2017**	April 30, 2017
	$	$
Long-term debt	**71,861**	78,330
Current	**13,000**	11,750
Non-current	**58,861**	66,580
	71,861	78,330

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

10. DEBT (CONTINUED)

The Corporation has a senior secured debt facility consisting of a $70 million term facility ("Term Credit Facility") and an $80 million revolving facility ("Revolving Facility"), collectively the "Credit Facilities". The Term Credit Facility is repayable by April 2020 with quarterly principal repayments of $2,000,000 until July 31, 2017 and increasing to $3,250,000 thereafter, bearing interest at variable rates based on the total debt ratio. The Revolving Facility is payable in full by April 2019 and includes a cash sweep mechanism. Additional draw-downs on the Revolving Facility are permitted for future qualifying royalty and streaming acquisitions.

The Corporation is amortizing costs attributable to securing Credit Facilities over the life of the Term Facility using an effective interest rate of 5.78% and over the life of the Revolving Facility on a straight-line basis. During the three months ended July 31, 2017 $166,000 (2016 - $166,000) of the costs were recognized in the statement of earnings.

In accordance with the terms of the Credit Facilities the Corporation has repaid $5,427,000 during the three months ended July 31, 2017, of which $2,000,000 represented required quarterly principal repayments on the Term Facility. The balance of $3,427,000 ($2,500,000 US) was paid on the Revolving Facility.

As at July 31, 2017 the Corporation is in compliance with all debt covenants.

The following principal repayments for the New Credit Facilities are required over the next 5 years.

	Term	Revolver	Total
	$	**$**	**$**
2018	13,000	-	13,000
2019	13,000	13,102	26,102
2020	34,000	-	34,000
2021	-	-	-
2022	-	-	-
	60,000	13,102	73,102
Less: unamortized debt costs			1,241
			71,861

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

11. REVENUE AND GENERAL AND ADMINISTRATIVE

Revenue

	Three months ended July 31,	
	2017	2016
	$	$
Royalty and stream	**7,655**	4,090
Interest and investment	**1,669**	343
Other	**263**	155
Total revenue	**9,587**	4,588

General and administrative expenses

	Three months ended July 31,	
	2017	2016
	$	$
Salaries and benefits	**544**	850
Office and administrative	**234**	220
Professional and consulting fees	**213**	158
Travel and accommodations	**75**	40
Total general and administrative	**1,066**	1,268

12. SHARE CAPITAL

Shares repurchased

On August 11, 2016 the Corporation re-instated its Normal Course Issuer Bid "(NCIB") which commenced August 22, 2016 and ended August 21, 2017 whereby the Corporation could purchase, at market price, up to 2,171,282 common shares which represented approximately 5% of its 43,425,654 outstanding shares as of August 11, 2016. During the three months ended July 31, 2017 the Corporation repurchased and cancelled 153,689 common shares for a total cost of $1,678,000 (2016- $nil). Subsequent to the quarter the Corporation repurchased and cancelled an additional 21,000 common shares. Under this NCIB the Corporation repurchased and cancelled 264,689 common shares.

Subsequent to the quarter, the Corporation renewed its NCIB which commenced August 22, 2017 and will end no later than August 21, 2018. The Corporation may purchase at market price up to 2,038,535 common shares representing approximately 4.7% of its 43,208,291 outstanding shares as of August 11, 2017. There have been no shares repurchased under the newly issued NCIB.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

12. SHARE CAPITAL (CONTINUED)

Net earnings per share

	Three months ended July 31,	
	2017	2016
Weighted average number of shares:		
Basic	**43,337,873**	43,298,371
Diluted	**43,538,201**	43,445,088

Other equity reserves

Other equity reserves consist of share-based payment reserves of $3,068,000, contributed surplus of $2,368,000 and warrants of $3,950,000 for a total of $9,386,000. Share-based payment reserve amounts are in respect of stock options, deferred share units (“DSUs”) and restricted share units (”RSUs”).

Preferred securities

On April 26, 2017 the Corporation closed an initial sale of $25,000,000 of 5% preferred securities and has sole discretion until December 31, 2017 to require additional purchases by Fairfax Financial Holdings Limited (“Fairfax”) for a further $75,000,000. The preferred securities are subordinate secured securities that may be repaid by the Corporation at any time after April 26, 2022 and at any time after April 26, 2020 if the volume-weighted average trading price of its common shares for any 10 day period after April 26, 2020 is at least $24 per share. The preferred securities have a maturity date of April 26, 2102 and are considered an instrument consisting of both debt and equity. At July 31, 2017, the Corporation used a net present value calculation and determined that the debt component is nominal given the maturity date and, as a result, the preferred securities are presented as equity in the condensed consolidated financial statements.

During the three months ended July 31, 2017, the Corporation recorded $268,000 of additional issuance costs which were recorded against equity, and were reported net of deferred tax of $80,000. The Corporation paid issuance costs of $403,000 which included certain April 30, 2017 amounts as well as costs incurred during the quarter. In addition, the Corporation has designated the interest period for the preferred securities from April 26, 2017 to July 31, 2017 and quarterly thereafter. Distributions of $332,000 were recorded at July 31, 2017.

Subsequent to the quarter on August 11, 2017 the Corporation closed the second tranche of the preferred securities for $25,000,000.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

13. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	Three months ended July 31,	
	2017	2016
	$	$
Stock option expense	**203**	138
Directors' deferred share unit expense	**16**	16
Restricted share unit expense	**106**	94
	325	248

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended July 31,	
	2017	2016
	$	$
Adjustments for operating activities:		
Generative exploration	**91**	195
Exploration and evaluation assets abandoned or impaired	**279**	-
Share-based compensation	**325**	248
Unrealized foreign exchange (gain) loss	**(1,492)**	818
Realized foreign exchange loss	**-**	354
Amortization and depletion	**4,003**	2,609
Non-cash other revenue	**(233)**	-
Interest on long-term debt	**1,396**	3,450
Interest paid	**(1,249)**	(1,622)
Gain on disposal of investments	**(193)**	(5,184)
Unrealized gain on fair value adjustment of derivative	**(519)**	-
Accretion of convertible debenture	**(122)**	-
Earnings from joint ventures	**(3,625)**	(2,691)
Share of loss in associates	**685**	-
Income taxes	**1,126**	252
Income taxes paid	**(1,637)**	(1,863)
	(1,165)	(3,434)
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**150**	90
Accounts payable and accrued liabilities	**(803)**	(1,089)
	(653)	(999)
Cash and cash equivalents consist of:		
Deposits with banks	**8,775**	15,399
Short-term investments	**-**	224
	8,775	15,623

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

15. RELATED PARTY TRANSACTIONS

During the three months ended July 31, 2017 the Corporation billed a joint venture $2,000 (2016 - $14,000) and an associate $49,000 (2016 - $nil) for reimbursement of property, exploration, consulting, professional and general administrative expenses.

During the three months ended July 31, 2017 the Corporation paid compensation to key management personnel and directors of $1,497,000 (2016 - $1,096,000) related to salaries and benefits and incurred $325,000 (2016 - $248,000) in share-based compensation costs.

These transactions are in the normal course of operations and are measured at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the condensed consolidated balance sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return, and;

Level 3 – valuation techniques with significant unobservable market inputs.

Fair values of the Corporation's financial assets and financial liabilities were determined as follows:

As at July 31, 2017:	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	-	-	-	-
Convertible debenture	-	**10,641**	-	**10,641**
Mining and other investments	**60,054**	-	-	**60,054**
TOTAL FINANCIAL ASSETS	**60,054**	**10,641**	-	**70,695**
FINANCIAL LIABILITIES	-	-	-	-

As at April 30, 2017:	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	857	-	-	857
Mining and other investments	44,523	-	-	44,523
TOTAL FINANCIAL ASSETS	45,380	-	-	45,380
FINANCIAL LIABILITIES	-	-	-	-

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk Management

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 included in the April 30, 2017 annual consolidated financial statements.

17. SEGMENTED INFORMATION

Key measures used by the chief operating decision maker in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) (''adjusted EBITDA'') and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. Revenue and expenses from the LNRLP and Prairie Royalties joint ventures (see Note 5) are included in the Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table.

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Three months ended July 31, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	15,100	263	15,363	(5,776)	9,587
Costs and Expenses					
General and administrative	978	483	1,461	(395)	1,066
Cost of sales - copper stream	1,039	-	1,039	-	1,039
Generative exploration	-	91	91	-	91
Mineral rights and leases	-	148	148	-	148
Adjusted EBITDA	13,083	(459)	12,624	(5,381)	7,243
Share-based compensation	(211)	(114)	(325)	-	(325)
Amortization and depletion	(5,759)	-	(5,759)	1,756	(4,003)
Earnings from joint ventures	-	-	-	3,625	3,625
Gain on disposal of investments	-	193	193	-	193
Foreign exchange gain	726	-	726	-	726
Unrealized gain on fair value adjustment of derivative	519	-	519	-	519
Exploration and evaluation assets abandoned or impaired	-	(279)	(279)	-	(279)
Share of loss in associates	-	(685)	(685)	-	(685)
Interest on long-term debt	(1,396)	-	(1,396)	-	(1,396)
Earnings before income taxes	6,962	(1,344)	5,618	-	5,618
Income taxes (current and deferred)					1,126
Net earnings					4,492

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Total assets	367,178	46,811	413,989	-	413,989
Cash flow from (used)					
Operating activities	8,526	(368)	8,158	(5,484)	2,674
Financing activities	(8,808)	-	(8,808)	-	(8,808)
Investing activities	(23,257)	(2,148)	(25,405)	5,484	(19,921)
Total cash flow (used)	(23,539)	(2,516)	(26,055)	-	(26,055)

(Tabular amounts in thousands of Canadian dollars, except per share amounts)

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Three months ended July 31, 2016

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	8,255	155	8,410	(3,822)	4,588
Costs and Expenses					
General and administrative	815	520	1,335	(67)	1,268
Cost of sales - copper stream	264	-	264	-	264
Generative exploration	-	195	195	-	195
Mineral rights and leases	64	149	213	-	213
Adjusted EBITDA	7,112	(709)	6,403	(3,755)	2,648
Share-based compensation	(161)	(87)	(248)	-	(248)
Amortization and depletion	(3,670)	(3)	(3,673)	1,064	(2,609)
Earnings from joint ventures	-	-	-	2,691	2,691
Gain on disposal of investments	-	5,184	5,184	-	5,184
Foreign exchange loss	(926)	-	(926)	-	(926)
Interest on long-term debt	(3,450)	-	(3,450)	-	(3,450)
Earnings before income taxes	(1,095)	4,385	3,290	-	3,290
Income taxes (current and deferred)					252
Net earnings					3,038

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Total assets	425,397	49,159	474,556	-	474,556
Cash flow from (used)					
Operating activities	3,643	(645)	2,998	(4,393)	(1,395)
Financing activities	59,518	-	59,518	-	59,518
Investing activities	(65,481)	9,011	(56,470)	4,393	(52,077)
Total cash flow (used)	(2,320)	8,366	6,046	-	6,046

18. SUBSEQUENT EVENT

Subsequent to quarter end, the Corporation entered into a proposed royalty and equity financing (approximately US$6M royalty and CAD$3.55M equity) with Wolfden Resources (“Wolfden”) to enable Wolfden to complete the purchase of the Pickett Mountain high grade copper and zinc VMS project in Maine. The proposed royalty is structured as a 1.35% gross sales royalty for purchase consideration of US$6,000,000, with an option for the Corporation to acquire an additional 0.50% gross sales royalty at any time before the first anniversary of commercial production for US$7,500,000. Interest in the deposit has revived with zinc and copper price appreciation and the opening up of the mine permitting regime under specific prescribed limitations. The proposed transaction is subject to due diligence by the Corporation and is expected to close in October 2017.