ALTIUS MINERALS CORPORATION

Consolidated Financial Statements
For the eight month period ended
December 31, 2017 and year ended April 30, 2017

TABLE OF CONTENTS

Independent Auditor's Report

To the Shareholders of Altius Minerals Corporation

We have audited the accompanying consolidated financial statements of Altius Minerals Corporation, which comprise the consolidated balance sheets as at December 31, 2017 and April 30, 2017, and the consolidated statements of earnings (loss), consolidated statements of comprehensive earnings (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the eight month period ended December 31, 2017, the year ended April 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Altius Minerals Corporation as at December 31, 2017 and April 30, 2017, and its financial performance and its cash flows for the eight month period ended December 31, 2017 and the year ended April 30, 2017, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Deloitte LLP

Chartered Professional Accountants
March 14, 2018

St. John's, Newfoundland and Labrador

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at,

	Note #	December 31, 2017	April 30, 2017
	1	**$**	$
ASSETS			
Current assets			
Cash and cash equivalents	18	**61,982**	34,830
Accounts receivable and prepaid expenses		**8,057**	5,609
Income taxes receivable		**304**	781
Convertible debenture	12	**12,692**	-
		83,035	41,220
Non-current assets			
Interests in joint ventures	8	**154,652**	151,708
Royalty and streaming interests	11	**146,636**	141,981
Mining and other investments	10	**113,056**	44,523
Exploration and evaluation assets	6	**20,297**	22,160
Goodwill	7	**7,841**	10,998
Deferred tax assets	13	**3,837**	4,535
Investment in associates	9	**4,826**	3,320
Property and equipment		**22**	-
		451,167	379,225
TOTAL ASSETS		**534,202**	420,445
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**8,948**	3,064
Current portion of debt	14	**13,000**	11,750
Income taxes payable		**2,821**	493
		24,769	15,307
Non-current liabilities			
Long-term debt	14	**52,193**	66,580
Deferred tax liabilities	13	**57,115**	23,092
		134,077	104,979
EQUITY			
Shareholders' equity		**400,056**	315,394
Non-controlling interest		**69**	72
		400,125	315,466
TOTAL LIABILITIES AND EQUITY		**534,202**	420,445

see accompanying notes to the Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Earnings (Loss)

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

	Note #	Eight months ended December 31, 2017	Year ended April 30, 2017
	1	**$**	$
Revenue	15	**30,257**	25,197
Costs and Expenses			
General and administrative	15	**4,403**	6,125
Cost of sales - copper stream		**3,429**	3,118
Share-based compensation	17	**1,043**	1,058
Generative exploration		**342**	988
Exploration and evaluation assets abandoned or impaired	6	**597**	4,112
Mineral rights and leases		**266**	495
Amortization and depletion		**9,844**	11,631
		19,924	27,527
Earnings (loss) from joint ventures	8	**13,952**	(58,054)
Gain on disposal of investments and impairment recognition	9 & 10	**2,477**	6,330
Gain on disposal of mineral property	6	**-**	2,657
Interest on long-term debt		**(3,465)**	(7,714)
Foreign exchange gain (loss)		**722**	(1,599)
Dilution gain on issuance of shares by associate	9	**-**	762
Impairment on goodwill	8	**(3,157)**	-
Unrealized gain on fair value adjustment of derivatives		**3,863**	-
Share of loss and impairment in associates	9	**(1,194)**	(2,201)
Earnings (loss) before income taxes		**23,531**	(62,149)
Income taxes (current and deferred)	13	**5,313**	2,857
Net earnings (loss)		**18,218**	(65,006)
Net earnings (loss) attributable to:			
Common shareholders		**18,221**	(64,866)
Non-controlling interest		**(3)**	(140)
		18,218	(65,006)
Net earnings (loss) per share			
basic and diluted	16	**0.42**	(1.50)

see accompanying notes to the Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Comprehensive Earnings (Loss)

(In thousands of Canadian dollars)

	Eight months ended December 31, 2017 $	Year ended April 30, 2017 $
Net earnings (loss)	**18,218**	(65,006)
Other comprehensive earnings, net of tax		
To be reclassed subsequently to profit or loss:		
Net unrealized gain on available-for-sale investments (net of deferred income taxes of $5,284) (April 30, 2017 - net of deferred income taxes of $1,105)	**29,943**	6,230
Adjustment for realized gain on available-for-sale investments recognized in net earnings (net of deferred income tax recovery of $241 (April 30, 2017 - $709))	**(1,367)**	(4,639)
Total comprehensive earnings (loss)	**46,794**	(63,415)
Total comprehensive earning (loss) attributable to:		
Common shareholders	**46,797**	(63,275)
Non-controlling interest	**(3)**	(140)
	46,794	(63,415)

see accompanying notes to the Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

	Note #	Eight months ended December 31, 2017	Year ended April 30, 2017
		$	$
Operating activities	1		
Net earnings (loss)		**18,218**	(65,006)
Adjustments for operating activities	18	**(3,245)**	72,301
		14,973	7,295
Changes in non-cash operating working capital	18	**(2,440)**	(1,060)
		12,533	6,235
Financing activities			
Proceeds from long-term debt		**-**	101,116
Repayment of long-term debt	14	**(12,518)**	(90,929)
Proceeds from issuance of common shares	16	**-**	37,620
Proceeds from issuance of preferred securities	16	**75,000**	25,000
Costs on issuance of preferred securities	16	**(489)**	(399)
Preferred securities distribution	16	**(928)**	-
Repurchase of common shares	16	**(1,911)**	(872)
Dividends paid		**(2,596)**	(5,204)
		56,558	66,332
Investing activities			
Proceeds from sale of investments	9 & 10	**7,723**	12,726
Acquisition of convertible debenture	12	**(10,000)**	-
Acquisition of Chapada copper stream	11	**-**	(65,481)
Proceeds from disposal of mineral properties	6	**2,085**	-
Cash received from joint ventures	8	**11,008**	20,011
Investment in joint ventures	8	**-**	(233)
Generative exploration	6	**(342)**	(988)
Exploration and evaluation assets, net of recoveries		**(2,309)**	(1,182)
Acquisition of royalties	11	**(10,637)**	-
Acquisition of investments	9 & 10	**(38,814)**	(12,167)
Acquisition of derivatives		**(629)**	-
Acquisition of property and equipment		**(24)**	-
		(41,939)	(47,314)
Net increase in cash and cash equivalents		**27,152**	25,253
Cash and cash equivalents, beginning of period		**34,830**	9,577
Cash and cash equivalents, end of period		**61,982**	34,830

Supplemental cash flow information (Note 18)

see accompanying notes to the Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Changes in Equity

(In thousands of Canadian dollars, except share amounts)

	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	#	$	#	$	$ (Note 16)	$	$	$	$	$
Balance, April 30, 2016	39,832,102	232,174	-	-	4,572	3,701	79,556	320,003	212	320,215
Net earnings (loss) and comprehensive (loss),								-		
May 1, 2016 to April 30, 2017	-	-	-	-	-	1,591	(64,866)	(63,275)	(140)	(63,415)
Shares repurchased and cancelled	(90,000)	(561)	-	-	-	-	(311)	(872)	-	(872)
Shares issued under offering	3,578,800	40,262	2,500,000	21,997	-	-	-	62,259	-	62,259
Share issue costs	-	(1,847)	-	(678)	-	-	-	(2,525)	-	(2,525)
Warrants issued (Note 16)	-	-	-	-	3,950	-	-	3,950	-	3,950
Dividends paid	-	-	-	-	-	-	(5,204)	(5,204)	-	(5,204)
Share-based compensation	-	-	-	-	1,058	-	-	1,058		1,058
Shares issued under stock option plan	14,752	200	-	-	(200)	-	-	-	-	-
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 (loss) earnings,										
May 1, 2017 to December 31, 2017	-	-	-	-	-	28,576	18,221	46,797	(3)	46,794
Shares repurchased and cancelled (Note 16)	(174,689)	(1,089)	-	-	-	-	(822)	(1,911)	-	(1,911)
Securities issued (Note 16)	-	-	7,500,000	65,991	-	-	-	65,991	-	65,991
Deferred tax (Note 13)	-	-	-	(30,000)	-	-	-	(30,000)	-	(30,000)
Preferred securities distribution (Note 16)	-	-	-	(1,695)	-	-	-	(1,695)	-	(1,695)
Issuance costs (Note 16)	-	-	-	(249)	-	-	-	(249)	-	(249)
Warrants issued (Note 16)	-	-	-	-	9,009	-	-	9,009	-	9,009
Dividends paid (Note 16)	-	-	-	-	-	-	(4,323)	(4,323)	-	(4,323)
Share-based compensation (Note 17)	-	-	-	-	1,043	-	-	1,043	-	1,043
Shares issued under long-term incentive plan	26,326	319	-	-	(319)	-	-	-	-	-
Balance, December 31, 2017	**43,187,291**	**269,458**	**10,000,000**	**55,366**	**19,113**	**33,868**	**22,251**	**400,056**	**69**	**400,125**

see accompanying notes to the 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.

The Corporation has changed its year end to December 31 in order to align with mine operations. These consolidated financial statements reflect an eight-month period from May 1, 2017 to December 31, 2017, and comparative twelve month period from May 1, 2016 to April 30, 2017.

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 consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 14, 2018.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These 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 consolidated financial statements have been prepared using accrual basis accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control exists when the Corporation has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Corporation has less than a majority of the voting rights of an investee, it is deemed to have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Corporation, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Corporation has, or

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

The consolidated financial statements include all subsidiaries in the accounts of the Corporation for the periods presented. The following are considered significant subsidiaries:

Altius Minerals Corporation	100%	Parent company
Altius Resources Inc.	100%	Exploration company
Altius Royalty Corporation	100%	Holding company

The Corporation also owns an 80% equity interest in Adventus Exploration Limited ("Adventus"). Non-controlling interests in the net assets of Adventus are identified separately from the Corporation's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets, loss, and other comprehensive loss.

Investments in associates and investments in joint ventures are accounted for using the equity method. Under this method, the Corporation's share of the investment's earnings or losses is included in the statement of loss and the carrying amount of the investment is adjusted by a like amount.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

When the Corporation loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Corporation had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, and when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Financial instruments

Financial assets
The Corporation classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty could default.

Fair value through profit or loss - This category includes derivatives and investments acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated balance sheet at fair value with changes in fair value recognized in the consolidated statement of earnings (loss).

Derivative financial instruments – The Corporation sometimes enters into a variety of derivative instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive loss and recognized in the consolidated statement of earnings (loss).

All financial assets except for those classified as fair value through earnings or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence resulting from one or more events that occurred after the initial recognition of the financial asset or group of financial assets. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Corporation classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Corporation's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the consolidated statement of earnings (loss).

Other financial liabilities - This category includes borrowings and accounts payable and accrued liabilities, which are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents consists of amounts on deposit with banks and short-term investments in money market instruments that are readily convertible to cash with maturities of three months or less at the time of purchase. Cash and cash equivalents are classified as loans and receivables and carried at amortized cost.

Investments

Investments in associates over which the Corporation exercises significant influence are accounted for using the equity method. Investments in joint ventures, which the Corporation jointly controls, are accounted for using the equity method. Mining and other investments over which the Corporation cannot exert significant influence are recorded initially at cost and adjusted to reflect changes in the fair value in subsequent periods. For mining and other investments classified as available for sale, any subsequent changes in the fair value are recorded in other comprehensive earnings (loss). If there has been a significant or prolonged decline in value of the investment below the carrying value, the valuation adjustment is recorded in net loss in the period of determination. The fair value of the available for sale investments is based on the quoted market price on the closing date of the period.

Exploration and evaluation assets

The Corporation defers costs for mineral properties and exploration costs when the Corporation has in its possession the legal right to explore for mineral deposits on a given property. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately. Exploration and evaluation assets include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of geologists' and prospectors' salaries based on time spent, and other costs directly related to specific properties. Mineral properties acquired for share consideration are recorded at the fair value of the mineral properties received.

Incidental revenue and cost recoveries relating to exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation assets to which the fees and payments relate, and any excess as other revenue on the consolidated statement of earnings (loss).

Management reviews the carrying values of exploration and evaluation assets' costs on a quarterly basis. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the Corporation will continue exploration on the project. The Corporation does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if further exploration is warranted and if there is an indication of impairment.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against earnings in the year of abandonment or determination of impairment. The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of exploration and evaluation assets that are developed to the stage of technical feasibility and commercial viability will be amortized to operations on a units-of-production basis over the life of the economically recoverable reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Decommissioning and restoration provision

The Corporation recognizes a provision for decommissioning and restoration costs associated with long-lived assets which includes the abandonment of exploration and evaluation assets and costs required to return the property to its original condition.

The Corporation recognizes the fair value of the provision in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Corporation's risk-free interest rate. The provision is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of loss. The provision is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows. The increase in the carrying value of the asset is amortized on the same basis as exploration and evaluation assets.

Property and equipment

Property and equipment is initially recorded at cost and amortized over its estimated useful life. Amortization is provided using the declining balance method at the following annual rates:

Computer equipment	30% - 100%
Geological equipment	30%
Office equipment	20%

Impairment of property and equipment and intangible assets

At each reporting date the carrying amounts of the Corporation's property and equipment and intangible assets including royalty, streaming and interest in joint ventures and goodwill are reviewed to determine whether there is any indication that those assets are impaired. If an impairment exists then the Corporation must determine its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the amortization charge for the period.

Revenue recognition

Royalty revenue is recognized when the underlying commodity is extracted, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Corporation and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Streaming revenue is recognized when the commodity credits are determined to have been delivered, the amount

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Corporation and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest and investment income is recognized on an accrual basis. Other revenue is recognized when the services are provided, when persuasive evidence of an arrangement exists, the fixed price is determinable, and there is reasonable assurance of collection.

Income taxes

The Corporation follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of unused tax losses, unused tax credits, and differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is probable they will be realized.

Foreign currency translation

The presentation currency and the functional currency of the Corporation and certain subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses on translation of monetary assets and liabilities are included in the determination of net earnings (loss) for the period.

The Corporation's subsidiaries with non-Canadian dollar functional currencies are translated using the rate in effect at the balance sheet date for assets and liabilities, and the average exchange rates during the period for revenue and expenses. The resulting translation adjustment is recorded as a separate component of accumulated other comprehensive earnings (loss).

Share-based payments

Stock options granted to employees, directors and non-employees are accounted for using the fair value method. The compensation cost for options granted is determined based on the estimated fair value of the stock options at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to share-based payment reserve. When options are exercised, the corresponding share-based payment reserve and the proceeds received by the Corporation are credited to share capital. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The Corporation also has a deferred share unit ("DSU") plan and a restricted share unit ("RSU") plan. Under the terms of the DSU plan, each non-executive director receives credit for a portion of their annual retainer to a notional account of DSU's in lieu of cash. Under the terms of the RSU plans, each member of management is awarded these units as part of their compensation which vest over a specified time period. Each DSU and RSU represents a unit with an underlying value equal to the value of one common share of the Corporation. The DSU's and RSU's can be equity or cash settled at the Corporation's option and are recorded as share-based compensation through the share-based payments reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (loss) per share

Basic and diluted net earnings (loss) per share is calculated using the weighted average number of common shares for the respective periods. The diluted net earnings (loss) per share is calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options. For loss periods, the diluted net loss per share is calculated using weighted average number of common shares outstanding for the respective periods without giving effect to dilutive stock options since their inclusion would be anti-dilutive.

Diluted earnings (loss) per share is calculated using the treasury stock method, whereby it is assumed that proceeds received on the exercise of in-the-money stock options and warrants are used to repurchase the Corporation’s shares at the average market price during the period.

Business combinations and goodwill

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty interest in mineral properties and exploration and evaluation assets acquired generally require a high degree of judgment, and include estimates of mineral reserves and resources acquired, expected production levels, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Acquisition related costs are recognized in the consolidated statements of earnings (loss).

Where a business combination is achieved in stages, the Corporation’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date the Corporation attains control, and any resulting gain or loss is recognized in the consolidated statements of loss. Amounts previously recognized in other comprehensive earnings (loss) related to interests in the acquiree prior to the acquisition date are reclassified to the consolidated statements of earnings (loss), where such treatment would be appropriate if that interest were disposed of.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any and is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets – royalty interest in mineral properties

Intangible assets acquired are recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. Intangible assets are also recognized when acquired individually or with a group of other assets. Intangible assets are initially recorded at their estimated fair value. Intangible assets with a finite life are amortized over their useful economic lives on a straight-line or units of production basis, as appropriate. The amortization expense is included in the statement of earnings (loss) unless otherwise noted. Intangible assets that are not yet ready for use are not amortized until available for use. All intangible assets are reviewed for impairment indicators at each reporting period. The Corporation has no identifiable intangible assets for which the expected useful life is indefinite.

Intangible assets – streaming interest and streaming revenue

Streaming interests are initially recorded at their estimated fair value based on consideration paid to acquire the asset. These intangible assets have finite lives and are amortized and depleted over their useful economic lives on a units of production basis. The amortization and depletion expense is included in the consolidated statement of loss. All intangible assets are reviewed for impairment indicators at each reporting period.

Segment reporting

The Corporation manages its business under two operating segments consisting of:

- the acquisition and management of producing and development stage mining royalty and streaming interests (“Royalties”), and;
- the acquisition and early stage exploration of mineral resource properties with a goal of vending the properties to third parties in exchange for early stage royalties and minority equity or project interests (“Project Generation”).

Both business segments are evaluated with the goal of being financially self-sustaining and profitable over the full commodity cycle. All assets are allocated between the segments and all revenues and expenses are allocated to each segment based on the specific nature of the revenue or expense. The reportable segments are consistent with the internal reporting structure of the Corporation which is provided to the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) who fulfill the role of the chief operating decision-maker (“CODM”). The CEO and CFO are responsible for assessing performance of the Corporation’s operating segments and for making resource allocation decisions. Intersegment transactions are not significant and are eliminated on consolidation.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

4. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions and other factors, including expectations of events that are believed to be reasonable under the circumstances.

Use of estimates, judgments and assumptions

In preparing these consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies, basis of consolidation and the key sources of estimation uncertainty include but are not limited to the following:

Business combinations: For business combinations, the Corporation must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Corporation must determine the acquisition-date fair value of the identifiable assets acquired, including intangible assets and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses. Goodwill, if any, is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated balance sheet on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Corporation’s future earnings (loss).

Income taxes: The Corporation has available unused operating losses and temporary timing differences as disclosed in Note 13 to the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Share-based compensation: The fair value of certain share-based compensation units require judgment in the determination of fair value using assumptions on expected volatility, expected lives and other factors that could affect the value reported as an expense and as an obligation.

Investments: All investments are reviewed at each reporting period to determine if an investment is impaired. Impairment losses are recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In particular, for available-for-sale investments, a significant and prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment. If an available-for-sale financial investment is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive earnings (loss) are reclassified to earnings (loss) in the period.

Goodwill impairment: The allocation of goodwill to cash generating units requires significant management judgment. The value in use calculation requires the Corporation to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value. Determining whether goodwill is impaired requires an estimation of the higher of value in use or fair value less costs of disposal of the cash-generating units to which goodwill has been allocated (Note 7). Where the actual future cash flows are less than expected, a material impairment loss may arise.

4. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Investments in joint ventures: Certain joint ventures hold royalty interests in mineral properties that include the acquired royalty interest in production stage mineral properties. The production stage royalty interest is recorded initially at its cost and is being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization of the royalty and the related amount of the equity pickup and the assessment of the recoverability of the carrying value of the investment in joint ventures. The Corporation has the ability to jointly control the relevant activities of these joint arrangements and have classified these as joint ventures (Note 8).

Royalty and streaming interests: The Corporation holds royalty interests in production stage mineral properties. The production stage royalty interests are recorded using the fair value assigned to the assets (Note 11) and are being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization and the assessment of the recoverability of the carrying value of the royalty interest in mineral properties.

Certain royalty interests in mineral properties and those held in the investment in joint ventures are potentially exposed to new adverse regulations or regulatory requirements relating to the Government of Alberta’s plan to phase out coal fired electricity by 2030. Management has determined that no indicators of impairment exist at December 31, 2017.

The Corporation holds streaming interests in production stage mineral properties. The streaming interests are recorded at the fair value assigned to the assets and are being amortized and depleted using the units of production basis over the expected life of the related mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the streaming interest impact the measurement of the streaming interest. These estimates affect amortization and depletion and the assessment of the recoverability of the carrying value of the streaming interest.

5. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

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). Under IFRS 9, subsequent to initial recognition, financial assets will be measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss. The classification of financial assets will be based on how an entity manages its financial assets in the context of its business model and the contractual cash flow characteristics of the financial assets. In addition, IFRS 9 introduces a new impairment loss model which requires the recognition of expected credit losses for financial assets measured at amortized cost or debt instruments measured at fair value through other comprehensive income. The classification of financial liabilities remains largely unchanged. However under IFRS 9, changes in the fair value of financial liabilities designated at fair value through profit and loss resulting from changes in the own credit risk of the issuer will now be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements. The Corporation intends to designate certain equity investments currently classified as available-for-sale investments as equities measured at fair value through other comprehensive income. This irrevocable designation will result

5. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

in future changes in fair value and gains and losses on disposal being recorded in other comprehensive income with no reclassification to the statement or earnings, while dividends on these equity instruments will continue to be recognized in the statement of earnings.

The Corporation will adopt IFRS 9 for the annual period beginning January 1, 2018 and will apply the standard on a retrospective basis using the available transitional provisions. Under this approach, the 2017 comparative period will not be restated and a cumulative transitional adjustment to the opening retained earnings balance will be recognized at 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 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.

The Corporation has undertaken a process to evaluate the impact that this new standard will have on the Corporation's revenue streams. Revenue derived from dividends and interest will not be impacted by this standard as they are not revenue from contracts with customers. As it relates to other revenue streams, the Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

The Corporation has elected to apply IFRS 15 on a modified retrospective basis using certain practical expedients. Under this approach, the 2017 comparative period will not be restated and a cumulative transitional adjustment to the opening retained earnings balance will be recognized at January 1, 2018.

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 IFRS 16 and standards and continues to assess the impact of this standard on its consolidated financial statements.

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

6. EXPLORATION AND EVALUATION ASSETS

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation may sell some or a portion of its exploration and evaluation assets to third parties in exchange for exploration expenditures, royalty interests, cash and share-based payments.

Project	Note	As at April 30, 2017	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at December 31, 2017
		$	$	$		$
Labrador						
Platinum Goup Elements		523	3	-	-	526
Iron Ore		1,898	-	-	-	1,898
Copper		133	3	(2)	-	134
Other		71	8	(76)	-	3
Newfoundland						
Nickel		278	-	(278)	-	-
Gold	a	362	(34)	-	-	328
Silver		66	456	-	-	522
New Brunswick - Zinc		21	74	-	-	95
Quebec - Gold		7	420	-	-	427
Manitoba - Diamonds		-	439	-	-	439
Alberta, British Columbia & Saskatchewan						
Coal	b & c	16,991	(1,435)	-	(2,085)	13,471
Potash		500	-	-	-	500
Gold, Silver		8	26	-	-	34
Copper		10	6	-	-	16
United States - Base metals		672	59	-	-	731
Ireland - Base metals		204	13	-	-	217
Finland - Gold, Nickel		51	619	(241)	-	429
Australia - Zinc, Silver		41	126	-	-	167
Security Deposits		324	36	-	-	360
Total		**22,160**	**819**	**(597)**	**(2,085)**	**20,297**

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 ("Antler") Wilding Lake Project and Marathon Gold Corporation's Valentine Lake Project. During the eight months ended December 31, 2017, the Corporation received 980,000 Antler common shares as consideration under the option agreement and retains a 2% net smelter return ("NSR") royalty 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.

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

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b. Telkwa

On December 5, 2017, Allegiance Coal Ltd. ("Allegiance") amended its agreement with the Corporation to acquire 100% of the rights to the Telkwa metallurgical coal project in B.C. subject to project milestones. The Corporation received an additional 40,600,000 shares of Allegiance as a result of this agreement and increased Altius's ownership of Allegiance to approximately 14% (51,556,282 shares). The Corporation also retains a sliding scale gross sales royalty (1.5%-3%) on the Telkwa project.

c. Land dispositions

During the eight months ended December 31, 2017, parcels of land in Alberta were sold for proceeds of $2,085,000. There was no gain or loss recorded on this disposition. The disposition was recorded against the Corporation's exploration and evaluation assets.

Project	Note	As at April 30, 2016	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at April 30, 2017
		$	$	$		$
Labrador						
Platinum Group Elements		523	-	-	-	523
Iron Ore		1,896	2	-	-	1,898
Copper		51	82	-	-	133
Other		49	22	-	-	71
Newfoundland						-
Nickel		276	2	-	-	278
Gold	d	157	205	-	-	362
Zinc	f	530	182	-	(712)	-
Silver		-	66	-	-	66
New Brunswick - Zinc		-	21	-	-	21
Quebec - Gold		-	7	-	-	7
Alberta, British Columbia & Saskatchewan						
Coal	e	21,294	(191)	(4,112)	-	16,991
Potash		500	-	-	-	500
Gold, Silver	g	-	8	-	-	8
Copper		-	10	-	-	10
United States - Base metals		574	98	-	-	672
Ireland - Base metals	h	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

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

d. Wilding Lake

On September 15, 2016, the Corporation completed an agreement to option its Wilding Lake property to Northwest Arm Capital Inc., a new TSX Venture Exchange listed Capital Pool Company which was subsequently renamed Antler Gold Inc. ("Antler"). The Corporation received 4,500,000 shares of Antler (fair market value of $2,925,000) in exchange for the Wilding lake property while retaining a 2% NSR royalty. The agreement remains in good standing. The Corporation recorded a gain on disposal of mineral property of $2,657,000.

e. Telkwa

On October 29, 2016, the Corporation elected to receive its milestone option payment on the Telkwa Coal project ("Telkwa") in British Columbia in the form of shares. During the year, the private company optionee of Telkwa, Telkwa Coal Limited ("TCL"), was acquired by an Australian based public issuer, Allegiance Coal Ltd. ("Allegiance"). Under the conditions of the original agreement, Allegiance had the right to earn up to a 90 percent interest in the Telkwa project in exchange for staged milestone payments. The Corporation retains both a sliding scale gross sales royalty that ranges between 1.5% and 3.0% (certain areas subject to underlying royalties) depending upon benchmark coal prices at the time of any coal sale and a 10% project interest. The Corporation received 10,956,282 shares (fair market value of $425,000) in Allegiance on December 22, 2016 which marked the first milestone option payment on Telkwa.

f. Buchans, Katie and La Poile

On December 13, 2016, the Corporation participated in the co-founding of a new company, Adventus Zinc Corporation ("Adventus Zinc"), by contributing a portfolio of zinc exploration projects which included the Buchans, Katie and La Poile projects as well as certain Irish properties in exchange for common shares and a 2% NSR royalty (Note 11). The value of these shares was determined using book values of the mineral properties transferred of $982,000.

g. Southwest Cork

On December 31, 2016, the Corporation within our 80% owned Irish subsidiary executed a letter of intent regarding an option/earn-in agreement for the Southwest Cork copper project in Ireland with First Quantum Minerals Ltd. ("FQM"). FQM may earn up to 75% of the project by making staged cash payments of $325,000 and conducting US$6,250,000 in exploration work over 7 years. Altius will directly retain a 2% NSR royalty on the project.

h. Gibson

On March 31, 2017 the Corporation signed an agreement to option its Gibson project to Canex Metals Inc. ("Canex") (TSXV:CANX). Canex issued to Altius 1,125,000 common shares upon signing of the agreement as part of a series of staged common share payments totaling 3,545,000 million shares (approximately 14% of Canex). Altius retains a right to purchase an underlying 1.5-per-cent NSR royalty on certain claims (and a 1% NSR royalty on other claims) and preferential rights on any future royalties or streams granted on the property. If Canex achieves a measured and indicated mineral resource in excess of one million gold equivalent ounces, a milestone payment of 1,275,000 shares will be issued to Altius. Canex is planning an initial mechanical trenching program for summer 2017 of known historical high-grade gold-silver zones.

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

7. GOODWILL

Balance, April 30, 2016 & April 30, 2017	10,998
Less: impairment	3,157
Balance December 31, 2017	**7,841**

The Corporation performs impairment testing for its goodwill on an annual basis and changed this date from April 30 to December 31 during the period and will perform testing more frequently if there are indicators of impairment.

At December 31, 2017 the Corporation performed an impairment test for its goodwill arising from the Callinan Royalties Corporation ("Callinan") acquisition, specifically anticipated mine life extension on the 777 mine and the related royalty and realization of royalties on the War Baby claims and the related deferred tax attributes. There was no evidence of impairment indicators identified during the current period. The Corporation has monitored the public documentation disclosed regarding the mine by Hudbay Minerals, the mine and mill operator of 777, as well as commodity prices such as copper, zinc, gold and silver. Public disclosure by the mine operator indicated that grades and recoveries were declining as the end of mine life approached; however, commodity prices appreciated significantly during the year negating the impact. The mine is still expected to close in 2021.

For the impairment test, value in use ("VIU") was used to determine the recoverable amount since it was greater than the fair value less costs of disposal ("FVLCD"). VIU was calculated using discounted after-tax cash flows based on cash flow projections and assumptions supporting the Corporation's royalty interest in the 777 mine.

The discounted cash flow incorporates management's best estimates of key assumptions which include discount rates, future commodity prices, production based on current estimates of recoverable reserves, consideration of mineral resources and future foreign exchange rates. The cash flows are for periods up to the date the mine is expected to cease production in approximately 3 years based on publicly available documentation. An after-tax discount rate of 7% was used and is based on the Corporation's weighted average cost of capital and consistent with the acquisition of Callinan representing the shorter mine life. The cash flow calculations were based on estimates of future production levels using expected tonnage based published production guidance. Commodity prices used in the impairment assessment were determined by reference to external market participant sources. The key commodity prices for this assessment are the prices of copper, zinc, silver and gold as follows:

	2018	2019	2020	2021
Copper ($US/lb)	3.09	2.95	3.05	3.10
Zinc ($US/lb)	1.56	1.34	1.22	1.17
Gold ($US/oz)	1,322	1,305	1,310	1,325
Silver ($US/oz)	16.55	18.30	18.80	19.15
Foreign exchange (US to CAD)	1.25	1.22	1.21	1.20

Expected future cash flows used to determine the VIU in the impairment testing are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events future impairments may be identified. This may have a material effect on the Corporation's consolidated financial statements. Although it is reasonably possible for a change in key assumptions to occur, the possible effects of a change in any single assumption may not fairly reflect the impact on the 777 mine's fair value as the assumptions are inextricably linked.

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

7. GOODWILL (CONTINUED)

As at December 31, 2017 the carrying amount of the 777 cash generating unit exceeded its recoverable amount and as a result an impairment charge of $3,157,000 was recorded (April 30, 2017 - $nil). The remaining goodwill balance of $7,841,000 constitutes the related deferred tax attributes of the 777 cash generating unit.

8. INTERESTS IN JOINT VENTURES

	LNRLP	Prairie Royalties LP	Other	Total
	$	$	$	$
Balance April 30, 2016	5,717	223,823	-	229,540
Additions	-	-	233	233
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
Earnings (loss)	(420)	14,372	-	13,952
Cash (receipts) disbursements	420	(11,428)	-	(11,008)
Balance, December 31, 2017	**5,717**	**148,935**	**-**	**154,652**

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP"), a limited partnership that holds a 3% NSR royalty over the Voisey's Bay nickel-copper-cobalt mine located in Northeastern Labrador, Canada. LNRLP's sole business is the receipt and distribution of the NSR on the mine. Historically, distributions to the partners have been on a quarterly basis.

The Corporation holds an indirect 52.369% interest in the Genesee Royalty Limited Partnership, the Coal Royalty Limited Partnership, and the Potash Royalty Limited Partnership, (collectively the "Prairie Royalties LPs"). The Prairie Royalties LPs hold the rights to subsurface minerals in respect of a portfolio of coal and potash properties in the Canadian provinces of Alberta and Saskatchewan and have entered into leases or similar agreements with mining companies and electrical utilities that, in return for payment of a royalty, grant these companies the right to exploit the subsurface mineral resources.

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

8. INTERESTS IN JOINT VENTURES (CONTINUED)

A summary of assets, liability, income, expenses and cash flow of the joint ventures based on financial information that is available, is as follows:

	LNRLP (1)		**Prairie Royalties** (2)	
	December 2017	April 2017	**December 2017**	April 2017
	$	$	**$**	$
Balance Sheets				
Current assets	**-**	-	**13,958**	27,479
Royalty interests	**5,717**	5,717	**264,400**	269,072
Non-current assets	**-**	-	**-**	-
Current liabilities	**-**	-	**92**	184
Non-current liabilities	**-**	-	**-**	-
Statement of Earnings				
Royalty revenue	**-**	-	**48,584**	40,421
Royalty tax	**-**	-	**-**	-
General and administrative	**(420)**	(365)	**1,044**	1,084
Amortization	**-**	-	**9,577**	11,572
Impairment	**-**	-	**-**	137,488

(1) Figures presented are the Corporation's portion of 10%; 100% basis IFRS financial statements not available.

(2) Figures presented on a 100% basis using IFRS financial statements for the twelve months ended December 31, 2017.

9. INVESTMENT IN ASSOCIATES

	Alderon	Adventus Zinc	Total
	$	$	$
Balance, April 30, 2016	2,465	-	2,465
Additions, net of disposals	(25)	1,336	1,311
Receipt in exchange for mineral property	-	983	983
Share of loss in associates	(1,889)	(312)	(2,201)
Dilution gain on issuance of shares by associates	-	762	762
Balance, April 30, 2017	551	2,769	3,320
Additions (disposals)	-	2,700	2,700
Share of loss in associates	(551)	(643)	(1,194)
Balance, December 31, 2017	**-**	**4,826**	**4,826**

Percentage ownership:		
At April 30, 2017:	24.6%	26.6%
At December 31, 2017	**24.9%**	**26.7%**

On December 8 and 9, 2016 the Corporation participated in the co-founding of a new company, Adventus Zinc Corporation ("Adventus Zinc"), by contributing a portfolio of zinc exploration projects from its Newfoundland and Irish properties. In exchange for the properties the Corporation received shares in Adventus Zinc and retained a 2% NSR royalty on the properties transferred.

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

9. INVESTMENT IN ASSOCIATES (CONTINUED)

During the eight months ended December 31, 2017 the Corporation contributed $2,700,000 for an additional 3,068,182 shares of Adventus Zinc through a private placement. The Corporation currently holds 15,182,194 shares or 26.7% of total outstanding shares (April 30, 2017 - 26.6%).

The Corporation currently holds 33,041,462 shares in Alderon Iron Ore Corporation ("Alderon") or 24.9% (April 30, 2017 - 24.6%) of the total shares outstanding. During the year ended April 30, 2017, the Corporation disposed of 332,000 shares having a carrying value of $25,000 for gross cash proceeds of $165,000 and recognized a gain on disposal of $140,000. The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on Alderon's Kami iron ore property.

The Corporation's share of loss in associates was derived from the most recent set of publicly available financial statements of the investment. Financial highlights of the Corporation's investment in associates include the following:

	Alderon		**Adventus Zinc**	
	$	**$**	**$**	**$**
	(1)	(2)	(1)	(2) (3)
Fiscal year end	**Sept 30, 2017**	Dec 31, 2016	**Sept 30, 2017**	Dec 31, 2016
Balance Sheets				
Current assets	**27,577**	10,605	**6,882**	8,236
Current liabilities	**19,824**	(11,666)	**717**	(771)
Non-current assets	**115,000**	247,491	**3,206**	1,251
Non-current liabilities	**22,200**	(21,412)	**-**	-
Statement of Earnings				
Revenue	**-**	-	**-**	-
Net loss	**(10,857)**	(6,597)	**(593)**	(302)

(1) Most recently published financial statements at the time of preparation

(2) Audited financial statements

(3) 69 day period ended December 31, 2016

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

10. MINING AND OTHER INVESTMENTS

	Investments	Share Purchase Warrants	Total
	$	$	$
Balance, April 30, 2016	34,636	-	34,636
Additions	14,271	-	14,271
Disposals	(6,121)	-	(6,121)
Impairment recognition	(250)	-	(250)
Revaluation	1,987	-	1,987
Balance, April 30, 2017	44,523	-	44,523
Additions	36,114	629	36,743
Disposals	(5,439)	-	(5,439)
Receipt for interest in mineral property	1,995	-	1,995
Revaluation	33,620	1,614	35,234
Balance, December 31, 2017	**110,813**	**2,243**	**113,056**

The Corporation holds investments in other publicly listed entities participating predominantly in early stage exploration and resource related companies with a goal of long-term capital appreciation, either through direct investment or in exchange for an interest in the Corporation's mineral properties. These investments are classified as available-for-sale. The fair value of the publicly traded entities is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange.

The Corporation disposed of investments having a carrying value of $5,439,000 for gross cash proceeds of $7,723,000 and non-cash proceeds of $193,000 and recognized a gain on disposal of $2,477,000 during the eight months ended December 31, 2017. The Corporation disposed of investments having a carrying value of $6,121,000 for gross cash proceeds of $12,561,000 and recognized a gain on disposal of $6,440,000 during the year ended April 30, 2017.

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

11. ROYALTY AND STREAMING INTERESTS

	Note	As at April 30, 2017	Additions	**As at December 31, 2017**
		$	**$**	**$**
Royalty interests				
Rocanville - Potash	a	5,000	6,891	**11,891**
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**
Pickett Mountain	b	-	7,606	**7,606**
Streaming interest				**-**
Chapada - Copper		77,634	-	**77,634**
Balance, end of period		162,290	14,497	**176,787**
Accumulated amortization and depletion				
Rocanville - Potash		49	19	**68**
Esterhazy - Potash		47	12	**59**
Other potash		37	1	**38**
Coal & coal bed methane		1,167	267	**1,434**
777 Mine - Copper & zinc		15,985	5,474	**21,459**
Gunnison - Copper		-	-	**-**
Sheerness West - Coal		-	-	**-**
Pickett Mountain		-	-	**-**
Streaming interest				**-**
Chapada - Copper		3,024	4,069	**7,093**
Balance, end of period		20,309	9,842	**30,151**
Net book value		141,981	4,655	**146,636**

a. Rocanville - McChip

On November 1, 2017, the Corporation acquired additional mineral land areas and related royalty interests at the Potash Corporation of Saskatchewan's Rocanville potash mine from McChip Resources Inc. for total consideration of $8,000,000 in up-front and future cash payments. These lands cover newly developed production areas within the mine that support Rocanville's recently commissioned nameplate capacity expansion to 6.5 million tonnes per year. On acquisition the Corporation paid $3,000,000 to McChip as initial consideration for the royalty. In addition, the Corporation has committed to pay, on the anniversary date, a limited royalty to McChip of $500,000 per year for 10 years based on a minimum production and grade threshold on the Rocanville mine. The Corporation has recorded the present value of these future payments as part of the purchase price of the royalty interest in the amount of $3,860,000 as well as the underlying obligation to McChip on the basis that the minimum production and grade threshold will be met and if not, the limited royalty is deferred until such time as the thresholds are met.

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

11. ROYALTY AND STREAMING INTERESTS (CONTINUED)

b. *Pickett Mountain - Wolfden*

On November 4, 2017, the Corporation announced the acquisition of a 1.35% gross sales royalty ("GSR") and an option on a further 0.5% GSR on Wolfden Resources Corporation's ("Wolfden") recently acquired Pickett Mountain base metals project in Maine, USA for $7,606,000 (US$6,000,000). The royalty is partially secured by ancillary timber rights related to the property and is also convertible at Altius' election under certain circumstances into a similar GSR on Wolfden's Orvan Brook project or into Wolfden common equity. The Corporation has assigned $1,300,000 (US$1,000,000) to the timber rights and $6,300,000 (US$5,000,000) to the royalty interest.

	Note	As at April 30, 2016	Additions	**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	c	-	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**

c. *Chapada*

On May 3, 2016 the Corporation closed a copper purchase agreement (the "Agreement") related to the Chapada copper-gold mine located in central Brazil. The Corporation paid US$60,000,000 (CAD $75,820,000) and issued 400,000 common share purchase warrants to a subsidiary of Yamana Gold Inc. ("Yamana"). Under the terms of the Agreement, the Corporation is entitled to purchase 3.7% of the payable copper produced from the Chapada mine at 30% of the market price. The rate of payable copper is subject to reduction in the event of an expansion at Chapada or upon delivery of 75 million pounds of payable copper.

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

11. ROYALTY AND STREAMING INTERESTS (CONTINUED)

Acquisition costs of $867,000 have been capitalized to the asset. The warrants were valued using the Black-Scholes option pricing model. The fair value calculated of $947,000 has been recorded as part of the streaming interest with the offsetting amount ascribed to equity.

12. CONVERTIBLE DEBENTURE

	Debt receivable	Equity option	Total
	$	$	$
Balance, April 30, 2017	-	-	-
Acquisition	9,147	853	10,000
Revaluation	-	2,250	2,250
Accretion	442	-	442
Balance, December 31, 2017	**9,589**	**3,103**	**12,692**

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 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 has been classified in current assets and will bear interest at a rate of 8% payable quarterly. Interest in the amount of $467,000 has been recognized during the eight months ended December 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 eight months ended December 31, 2017 the Corporation recognized accretion of $442,000 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 eight months ended December 31, 2017 the Corporation recorded an unrealized gain on fair value of derivatives of $2,250,000.

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

13. INCOME TAXES

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

	December 31, 2017	April 30, 2017
	$	$
Temporary differences related to exploration and evaluation assets, property and other	**(3,202)**	(2,529)
Non capital and net capital loss carryforwards	**941**	1,310
Carrying value of investments in excess of tax values	**(6,525)**	(1,351)
Temporary differences related to preferred securities	**(30,000)**	-
Deferred and deductible share-based compensation	**809**	708
Share and debt issue costs	**1,336**	1,548
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	**(16,637)**	(18,243)
	(53,278)	(18,557)

	$	$
Deferred tax liabilities	**(57,115)**	(23,092)
Deferred tax assets	**3,837**	4,535
Total deferred income tax	**(53,278)**	(18,557)

During the eight months ended December 31, 2017, the Corporation recorded a deferred tax liability of $30,000,000 in relation to its preferred securities (Note 16). The preferred securities are considered compound financial instruments therefore requiring the Corporation to record taxable temporary differences related to these securities through equity and deferred tax liability.

The Corporation has $143 million (April 30, 2017 - $141 million) of temporary differences associated with investments in joint ventures on which deferred tax liabilities have not been recognized given the Corporation has the ability to control the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates of 30% (April 30, 2017 – 30%) to earnings before taxes. The differences are from the following items:

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

13. INCOME TAXES (CONTINUED)

	Eight months ended December 31, 2017	Year ended April 30, 2017
	$	$
Expected tax expense (recovery)	**7,059**	(18,645)
Non-taxable portion of capital gains and losses	**(995)**	(1,186)
Net deductible permanent items	**(1,568)**	(397)
Adjustments in relation to earnings from associates and joint ventures	**1,383**	23,419
Differences in statutory rates on earnings of subsidiaries	**(566)**	(334)
	5,313	2,857
Current tax	**5,529**	3,920
Deferred tax	**(216)**	(1,063)
	5,313	2,857

14. DEBT

At amortized cost	December 31, 2017	April 30, 2017
	$	$
Long-term debt	**65,193**	78,330
Current	**13,000**	11,750
Non-current	**52,193**	66,580
	65,193	78,330

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 Credit Facility using an effective interest rate of 5.78% and over the life of the Revolving Facility on a straight-line basis. During the eight months ended December 31, 2017, $437,000 (April 30, 2017 - $677,000) of the costs were recognized in the statement of earnings.

In accordance with the terms of the Credit Facilities the Corporation has repaid $12,518,000 during the eight months ended December 31, 2017 (April 30, 2017 - $24,929,000), of which $5,250,000 (April 30, 2017 - $8,000,000) represented required quarterly principal repayments on the Term Credit Facility. The balance of $7,268,000 ($5,500,000 US) (April 30, 2017 - $16,929,000 ($13,000,000 US)) was paid on the Revolving Facility.

As at December 31, 2017 the Corporation was in compliance with all debt covenants.

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

14. DEBT (CONTINUED)

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

	$
2018	13,000
2019	22,413
2020	30,750
	66,163
Less: unamortized debt costs	970
	65,193

15. REVENUE AND GENERAL AND ADMINISTRATIVE

Revenue

	Eight months ended December 31, 2017	Year ended April 30, 2017
	$	$
Royalty and stream	**22,721**	23,036
Interest and investment	**7,146**	1,827
Other	**390**	334
Total revenue	**30,257**	25,197

General and administrative expenses

	Eight months ended December 31, 2017	Year ended April 30, 2017
	$	$
Salaries and benefits	**2,587**	3,703
Office and administrative	**712**	847
Professional and consulting fees	**789**	1,218
Travel and accommodations	**315**	357
Total general and administrative	**4,403**	6,125

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

16. SHARE CAPITAL

Authorized

Unlimited number of Common voting shares
Unlimited number of First Preferred shares
Unlimited number of Second Preferred shares

The First and Second Preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. The Corporation has not issued any First or Second Preferred shares.

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. Under this NCIB the Corporation repurchased and cancelled 264,689 common shares, 174,689 of which were purchased and cancelled during the eight months ended December 31, 2017 at a cost of $1,911,000 (April 30, 2017 - $872,000).

The Corporation renewed its NCIB effective August 22, 2017 and it will now 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 renewed NCIB.

Net earnings (loss) per share

Basic and diluted net loss per share were calculated using the weighted average number of common shares for the respective periods.

	December 31, 2017	April 30, 2017
Weighted average number of shares:		
Basic	**43,239,845**	43,337,040
Diluted	**43,471,193**	43,337,040

Other equity reserves

Other equity reserves consist of share-based payment reserves of $3,085,000, warrants of $12,959,000 and contributed surplus of $3,069,000 for a total of $19,113,000. 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 executed an agreement with Fairfax Financial Holdings Limited and certain of its subsidiaries (collectively "Fairfax") which would allow Fairfax to invest up to $100,000,000 in the Corporation's preferred securities and common share purchase warrants. Fairfax agreed to purchase, on a private placement basis, at a price of $10, a 5% preferred security, in an aggregate amount of up to $100,000,000, issuable in tranches of not less than $25,000,000. The Corporation closed the sale of the first tranche of the preferred securities on April 26, 2017 and the second on August 11, 2017 for $25,000,000 each and closed the sale of the third and final tranche on November 9, 2017 for $50,000,000. 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

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

16. SHARE CAPITAL (CONTINUED)

an instrument consisting of both debt and equity. At December 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 consolidated financial statements.

During the eight months ended December 31, 2017 the Corporation recorded $354,000 of issuance costs which were recorded against equity and were reported net of deferred tax of $105,000 (April 30, 2017- $678,000). The interest period for the preferred securities is quarterly and commenced July 31, 2017. Distributions to the security holders for the eight months ended December 31, 2017 totaled $1,695,000. During the eight months ended December 31, 2017 the Corporation paid $928,000 for the July 31, 2017 and October 31, 2017 distributions (April 30, 2017 - $nil).

On April 26, 2017, as part of the arrangement with Fairfax, the Corporation also issued 6,670,000 common share purchase warrants, exercisable at $15 per share, which have vested proportionately based on the aggregate amount of preferred securities purchased by the
Fairfax entities under the private placement. The Corporation assigned a fair value of $9,009,000 (April 30, 2017- $3,005,000) to the warrants that vested on August 11, 2017 and November 9, 2017.

Chapada
On May 3, 2016 the Corporation closed an equity financing under a short-form prospectus. The equity offering (the "Offering") consisted of 3,578,800 common shares of the Corporation at a price of $11.25 per common share, for aggregate gross proceeds of $40,261,500. The common shares were offered for sale pursuant to an underwriting agreement dated April 19, 2016 among the Corporation and a syndicate of various underwriters. On closing the Corporation paid the underwriters a fee equal to 5.0% of the gross proceeds of the Offering. The Corporation paid share issuance costs of $2,641,000 which were recorded against equity and reported net of deferred tax of $794,000. The 400,000 warrants, issued to a subsidiary of Yamana, were assigned a fair value of $947,000 using the Black-Scholes option pricing model. The warrants expire on May 3, 2021 and have a strike price of $14.00.

17. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	December 2017	April 2017
	$	$
Stock option expense	**389**	352
Directors' deferred share unit expense	**335**	325
Restricted share unit expense	**319**	381
	1,043	1,058

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

17. SHARE-BASED COMPENSATION (CONTINUED)

A summary of the status of the Corporation's stock option plan as of December 31, 2017, and changes during the period then ended, is as follows:

	December 31, 2017		April 30, 2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of period	**274,933**	**12.72**	159,027	14.25
Granted	**205,390**	**10.63**	115,906	10.62
Exercised	**-**	**-**	-	-
Outstanding, end of period	**480,323**	**11.85**	274,933	12.72
Exercisable, end of period	**182,856**	**12.53**	86,793	13.28

There were 205,390 stock options granted during the eight months ended December 31, 2017 (April 2017 – 115,906). The weighted-average fair value of stock options granted during the eight months ended December 31, 2017 was estimated on the dates of grant to be $3.22 (2017 - $3.44) using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2017	April 30, 2017
Expected life (years)	**5.00**	5.00
Risk-free interest rate (%)	**0.88**	0.72
Expected volatility (%)	**37.57**	36.14
Expected dividend yield (%)	**1.12**	1.08

A summary of the status of the Corporation's RSUs and DSUs as of December 31, 2017 is as follows:

	Number of RSUs	**Number of DSUs**
Outstanding, April 30, 2016	44,299	136,941
Granted	33,620	34,001
Settled	(14,752)	-
Outstanding, April 30, 2017	63,167	170,942
Granted	53,582	36,980
Settled	(26,326)	-
Outstanding, December 31, 2017	**90,423**	**207,922**
Exercisable, December 31, 2017	**-**	**181,949**

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

18. SUPPLEMENTAL CASH FLOW INFORMATION

	Eight months ended December 31, 2017	Year ended April 30, 2017
	$	$
Adjustments for operating activities:		
Generative exploration	**342**	988
Exploration and evaluation assets abandoned or impaired	**597**	4,112
Share-based compensation	**1,043**	1,058
Unrealized foreign exchange (gain) loss	**(1,407)**	1,388
Impairment on goodwill	**3,157**	-
Amortization and depletion	**9,844**	11,631
Non-cash other revenue & accretion	**(740)**	-
Interest on long-term debt	**3,465**	7,714
Interest paid	**(3,036)**	(5,368)
Gain on disposal of mineral property	**-**	(2,657)
Gain on disposal of investments and impairment recognition	**(2,477)**	(6,330)
Unrealized gain on fair value adjustment of derivatives	**(3,863)**	-
Earnings (loss) from joint ventures	**(13,952)**	58,054
Share of loss and impairment in associates	**1,194**	2,201
Dilution gain on issuance of shares by associates	**-**	(762)
Income taxes	**5,313**	2,857
Income taxes paid	**(2,725)**	(2,585)
	(3,245)	72,301
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**(2,448)**	(2,533)
Accounts payable and accrued liabilities	**8**	1,473
	(2,440)	(1,060)
Cash and cash equivalents consist of:		
Deposits with banks	**61,982**	33,973
Short-term investments	**-**	857
	61,982	34,830

19. RELATED PARTY TRANSACTIONS

During the eight months ended December 31, 2017 the Corporation billed a joint venture $203,000 (April 30, 2017 - $174,000) and an associate $186,000 (April 30, 2017 - $248,000) for reimbursement of property, exploration, consulting, professional and general administrative expenses.

Strauss Partners Ltd., which is owned by director Jamie Strauss, was paid $nil (April 30, 2017 - $50,000 (GBP 30,000)) for marketing and investor relations services during the eight months ended December 31, 2017.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consists of members of the Corporation's Board of Directors and corporate officers, including the Corporation's Executive Chairman, Chief Executive Officer and Chief Financial Officer, as well as two Vice

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

19. RELATED PARTY TRANSACTIONS (CONTINUED)

Presidents reporting directly to a Corporate officer. Compensation paid to key management personnel and directors is as follows:

	Eight months ended December 31, 2017	Year ended April 30, 2017
	$	$
Salaries and benefits	**2,158**	2,179
Share-based compensation	**1,043**	1,058
	3,201	3,237

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.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the 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:

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

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at December 31, 2017:

	Level 1	**Level 2**	**Level 3**	**TOTAL**
	$	$	$	$
FINANCIAL ASSETS				
Convertible debenture (equity option)	**-**	**3,103**	**-**	**3,103**
Mining and other investments	**110,813**	**2,243**	**-**	**113,056**
TOTAL FINANCIAL ASSETS	**110,813**	**5,346**	**-**	**116,159**
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	-	-	-	-

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 highlighted as follows:

Credit risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments and receivables. The Corporation closely monitors its financial assets, including the receivables from royalty operators who are responsible for remitting royalty revenues. The operators are established and reputable companies in the mining and mineral sector and as such management does not believe we have a significant concentration of credit risk.

The Corporation's cash and cash equivalents are held in fully segregated accounts and include only Canadian and US dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk

Certain royalty and streaming revenues are exposed to foreign currency fluctuations, which are denominated and paid in US 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. As at December 31, 2017 a 10% change in the US dollar to Canadian dollar exchange rate could affect net earnings by approximately $244,000.

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 as a result of other developments.

Other price risk

The value of the Corporation's mining and mineral related 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. Royalty interests are exposed to fluctuations in commodity prices as well as fluctuations in foreign currency, specifically the US dollar.

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 has debt and is therefore exposed to interest rate risk on liabilities. The Corporation manages this risk by monitoring debt balances and making discretionary payments, as well as maintaining a diversified royalty portfolio. The Corporation's cash and cash equivalents 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.

As at December 31, 2017, a +/- 1% change in the effective interest rates in respect of cash and cash equivalents would affect comprehensive earnings by $434,000 net of applicable taxes.

Sensitivity Analysis

The Corporation has mining and other investments that are marked to fair market value at each reporting period, with a corresponding adjustment to other comprehensive (loss) earnings for increases in value and for other temporary declines in value.

As at December 31, 2017, the Corporation's mining and other investments sensitivity to a +/- 20% movement in quoted market prices would affect comprehensive earnings by $19,220,000 net of applicable taxes.

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

21. CAPITAL MANAGEMENT

The Corporation's primary objective when managing capital is to maximize returns for its shareholders by growing its asset base, both organically through strategic investments in exploration and evaluation companies and through accretive acquisitions of high quality royalties, streams and other similar interests, while insuring capital protection. The Corporation defines capital as long-term debt, total equity and the undrawn revolving credit facility. Capital is managed by the Corporation's management and governed by the Board of Directors. At times, the Corporation manages its capital by repurchasing its common shares under its normal course issuer bid.

The Corporation makes dividend distributions to shareholders on an ongoing quarterly basis. The Corporation is subject to external capital requirements on long-term debt and preferred securities and is in compliance with all covenant requirements as at December 31, 2017 and this continues to be assessed on a quarterly basis.

22. COMMITMENTS

Operating leases

The Corporation is committed under leases on office space, including operating costs, for annual future minimum lease payments as follows:

	$
2018	**213**
2019	**61**
	274

Mineral property expenditures

The Corporation has obtained various mineral rights 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 licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or elect to allow title of the license be cancelled. The Corporation is required to spend $895,000 by December 31, 2018 in order to maintain various licenses in good standing.

23. SEGMENTED INFORMATION

Key measures used by the CODM 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 8) 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)

23. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Eight months ended December 31, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	46,747	654	47,401	(17,144)	30,257
Costs and Expenses					
General and administrative	3,476	1,663	5,139	(736)	4,403
Cost of sales - copper stream	3,429	-	3,429	-	3,429
Generative exploration	-	342	342	-	342
Mineral rights and leases	-	266	266	-	266
Adjusted EBITDA	39,842	(1,617)	38,225	(16,408)	21,817
Share-based compensation	(677)	(366)	(1,043)	-	(1,043)
Amortization and depletion	(12,298)	(2)	(12,300)	2,456	(9,844)
Impairment on goodwill	(3,157)	-	(3,157)	-	(3,157)
Earnings from joint ventures	-	-	-	13,952	13,952
Gain on disposal of investments	694	1,783	2,477	-	2,477
Foreign exchange loss	722	-	722	-	722
Unrealized gain on fair value adjustment of derivative	2,250	1,613	3,863		3,863
Exploration and evaluation assets abandoned or impaired	-	(597)	(597)	-	(597)
Share of loss and impairment in associates	-	(1,194)	(1,194)	-	(1,194)
Interest on long-term debt	(3,465)	-	(3,465)	-	(3,465)
Earnings before income taxes	23,911	(380)	23,531	-	23,531
Income taxes (current and deferred)					5,313
Net earnings					18,218

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Total assets	485,031	49,171	534,202	-	534,202
Cash flow from (used)					
Operating activities	24,816	(1,275)	23,541	(11,008)	12,533
Financing activities	56,558	-	56,558	-	56,558
Investing activities	(47,000)	(5,947)	(52,947)	11,008	(41,939)
Total cash flow from (used)	34,374	(7,222)	27,152	-	27,152

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

23. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Year ended April 30, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	46,028	337	46,365	(21,168)	25,197
Costs and Expenses					
General and administrative	4,441	2,612	7,053	(928)	6,125
Cost of sales - copper stream	3,118	-	3,118	-	3,118
Generative exploration	-	988	988	-	988
Mineral rights and leases	64	431	495	-	495
Adjusted EBITDA	38,405	(3,694)	34,711	(20,240)	14,471
Share-based compensation	(629)	(429)	(1,058)	-	(1,058)
Amortization and depletion	(17,656)	(35)	(17,691)	6,060	(11,631)
Impairment of royalty interests	(72,001)	-	(72,001)	72,001	-
Loss from joint ventures	-	(233)	(233)	(57,821)	(58,054)
Gain on disposal of investments and impairment recognition	-	6,330	6,330	-	6,330
Gain on disposal of minerals property	-	2,657	2,657	-	2,657
Foreign exchange loss	(1,599)	-	(1,599)	-	(1,599)
Exploration and evaluation assets abandoned or impaired	-	(4,112)	(4,112)	-	(4,112)
Dilution gain on issuance of shares by associate	-	762	762	-	762
Share of loss and impairment in associates	-	(2,201)	(2,201)	-	(2,201)
Interest on long-term debt	(7,714)	-	(7,714)	-	(7,714)
(Loss) before income taxes	(61,194)	(955)	(62,149)	-	(62,149)
Income taxes (current and deferred)					2,857
Net loss					(65,006)

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Total assets	374,561	45,884	420,445	-	420,445
Cash flow from (used)					
Operating activities	29,079	(2,833)	26,246	(20,011)	6,235
Financing activities	66,332	-	66,332	-	66,332
Investing activities	(76,279)	8,954	(67,325)	20,011	(47,314)
Total cash flow	19,132	6,121	25,253	-	25,253