



ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements
For the three and six months ended June 30, 2019 and 2018
(unaudited)

CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at	
		June 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	13	\$ 23,964	\$ 28,392
Accounts receivable and prepaid expenses		11,295	8,930
Income taxes receivable		2,680	2,405
Loan receivable		2,625	2,625
		\$ 40,564	\$ 42,352
Non-current assets			
Interests in joint ventures	4	91,418	97,160
Royalty and streaming interests	7	262,709	253,120
Mining and other investments	6	181,351	124,439
Exploration and evaluation assets	16	11,952	19,976
Other intangible assets	8	2,761	-
Goodwill		6,031	6,031
Deferred tax assets	9	5,586	4,763
Investment in associates	5	10,233	11,106
Property and equipment	3	1,332	34
		\$ 573,373	\$ 516,629
TOTAL ASSETS		\$ 613,937	\$ 558,981
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		6,187	7,326
Current portion of debt	10	20,000	20,000
Income taxes payable		312	2,238
		\$ 26,499	\$ 29,564
Non-current liabilities			
Long-term debt	10	97,565	92,790
Other liability	3	941	-
Deferred tax liabilities	9	56,759	51,969
Derivative - cash flow swap	10	1,077	397
		\$ 182,841	\$ 174,720
EQUITY			
Shareholders' equity		416,284	371,853
Non-controlling interest		14,812	12,408
		\$ 431,096	\$ 384,261
TOTAL LIABILITIES AND EQUITY		\$ 613,937	\$ 558,981

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS

	Note	Three months ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue and other income	11	\$ 15,185	\$ 12,792	\$ 32,258	\$ 22,187
Costs and Expenses					
General and administrative	11	1,935	1,973	4,733	3,873
Cost of sales - copper stream		869	1,302	2,434	2,446
Share-based compensation		663	774	1,089	1,070
Generative exploration		36	49	39	109
Exploration and evaluation assets abandoned or impaired	16	9,004	4	9,004	13
Mineral rights and leases		296	297	343	375
Amortization and depletion		3,801	3,805	7,554	6,855
		\$ 16,604	\$ 8,204	\$ 25,196	\$ 14,741
Earnings (loss) from joint ventures	4	(673)	3,006	3,071	8,221
Gain on disposal of investments		-	-	103	92
Interest on long-term debt		(2,092)	(2,634)	(4,127)	(3,878)
Foreign exchange gain (loss)		52	(60)	(577)	(142)
Dilution gain on issuance of shares by an associate	5	1,199	-	1,199	-
Unrealized gain (loss) on fair value adjustment of derivatives		955	1,897	610	(286)
Share of loss in associates	5	(903)	(150)	(2,122)	(482)
Earnings (loss) before income taxes		\$ (2,881)	\$ 6,647	\$ 5,219	\$ 10,971
Income taxes (current and deferred)	9	(1,013)	1,127	471	2,924
Net earnings (loss)		\$ (1,868)	\$ 5,520	\$ 4,748	\$ 8,047
Net earnings (loss) attributable to:					
Common shareholders		(2,068)	5,291	4,180	7,821
Non-controlling interest		200	229	568	226
		\$ (1,868)	\$ 5,520	\$ 4,748	\$ 8,047
Net earnings (loss) per share					
Basic and diluted		\$ (0.05)	\$ 0.12	\$ 0.10	\$ 0.18

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	Three months ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net earnings (loss)		\$ (1,868)	\$ 5,520	\$ 4,748	\$ 8,047
Other comprehensive earnings, net of tax					
To be reclassified subsequently to profit or loss					
Foreign currency translation adjustment					
Gross amount		(318)	-	(52)	-
Tax effect		17	-	17	-
Net amount		\$ (301)	\$ -	\$ (35)	\$ -
Net unrealized loss on fair value adjustment of cash flow swap					
Gross amount		(118)	-	(666)	-
Tax effect		17	-	165	-
Net amount		\$ (101)	\$ -	\$ (501)	\$ -
To not be reclassified subsequently to profit or loss					
Net unrealized gain (loss) on equity investments					
Gross amount		18,900	13,103	43,477	(7,547)
Tax effect		(2,835)	(1,965)	(6,522)	1,133
Net amount		\$ 16,065	\$ 11,138	\$ 36,955	\$ (6,414)
Realized gain on equity investments		6,916	1,856	8,743	1,853
Other comprehensive earnings (loss)		\$ 22,579	\$ 12,994	\$ 45,162	\$ (4,561)
Total comprehensive earnings		\$ 20,711	\$ 18,514	\$ 49,910	\$ 3,486
Total comprehensive earnings attributable to:					
Common shareholders		20,511	18,285	49,342	3,260
Non-controlling interest		200	229	568	226
		\$ 20,711	\$ 18,514	\$ 49,910	\$ 3,486

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	Six months ended	
		June 30, 2019	June 30, 2018
Operating activities			
Net earnings		\$ 4,748	\$ 8,047
Adjustments for operating activities	13	10,025	(255)
		\$ 14,773	\$ 7,792
Changes in non-cash operating working capital	13	(3,319)	(1,981)
		\$ 11,454	\$ 5,811
Financing activities			
Proceeds from long-term debt	10	25,208	190,000
Repayment of long-term debt	10	(20,647)	(131,183)
Costs on issuance of new debt		-	(2,463)
Payments from (to) non-controlling interest	15	3,230	(136)
Preferred securities distribution		(2,479)	(2,411)
Repurchase of common shares	12	(803)	(75)
Dividends paid		(3,857)	(3,457)
		\$ 652	\$ 50,275
Investing activities			
Proceeds from sale of investments		22,642	2,387
Acquisition of Great Bay, net of cash assumed	8	(6,152)	-
Cash received from joint ventures	4	8,813	11,779
Acquisition of control of Potash Royalty Limited Partnership		-	(63,437)
Generative exploration		(39)	(109)
Exploration and evaluation assets, net of recoveries		(1,292)	(601)
Acquisition of royalty interests	7	(13,751)	(740)
Acquisition of investments	5 & 6	(26,366)	(15,145)
Acquisition of property and equipment		(389)	(3)
		\$ (16,534)	\$ (65,869)
Net decrease in cash and cash equivalents		(4,428)	(9,783)
Cash and cash equivalents, beginning of period		28,392	61,982
Cash and cash equivalents, end of period		\$ 23,964	\$ 52,199

Supplemental cash flow information (Note 13)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS

	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive	Retained Earnings	Total Shareholders'	Non-controlling interest	Total Equity
	Number	Amount	Number	Amount						
Balance, January 1, 2018	43,187,291	\$ 269,458	10,000,000	\$ 57,061	(Note 12) \$ 19,113	\$ 33,868	\$ 20,556	\$ 400,056	\$ 69	\$ 400,125
Net earnings and comprehensive earnings, January 1 to June 30, 2018	-	-	-	-	-	(4,561)	7,821	3,260	226	3,486
Non-controlling interest of Potash Royalty Limited Partnership Acquisition	-	-	-	-	-	-	-	-	12,485	12,485
Adoption of IFRS 9 & 15	-	-	-	-	-	(1,888)	1,134	(754)	-	(754)
Shares repurchased and cancelled	(6,200)	(39)	-	-	-	-	(36)	(75)	-	(75)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(136)	(136)
Preferred securities distribution	-	-	-	-	-	-	(2,478)	(2,478)	-	(2,478)
Dividends	-	-	-	-	-	-	(3,457)	(3,457)	-	(3,457)
Share-based compensation	-	-	-	-	1,070	-	-	1,070	-	1,070
Shares issued under long-term incentive plan	33,935	384	-	-	(384)	-	-	-	-	-
Balance, June 30, 2018	43,215,026	\$ 269,803	10,000,000	\$ 57,061	\$ 19,799	\$ 27,419	\$ 23,540	\$ 397,622	\$ 12,644	\$ 410,266
Net earnings and comprehensive earnings, July 1 to December 31, 2018	-	-	-	-	-	(9,033)	(6,553)	(15,586)	444	(15,142)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(680)	(680)
Shares repurchased and cancelled	(363,300)	(2,267)	-	-	-	-	(2,191)	(4,458)	-	(4,458)
Preferred securities distribution	-	-	-	-	-	-	(2,522)	(2,522)	-	(2,522)
Dividends	-	-	-	-	-	-	(3,442)	(3,442)	-	(3,442)
Share-based compensation	-	-	-	-	832	-	-	832	-	832
Cash settled RSUs	-	-	-	-	(593)	-	-	(593)	-	(593)
Balance, December 31, 2018	42,851,726	\$ 267,536	10,000,000	\$ 57,061	\$ 20,038	\$ 18,386	\$ 8,832	\$ 371,853	\$ 12,408	\$ 384,261
Net earnings and comprehensive earnings, January 1 to June 30, 2019	-	-	-	-	-	45,162	4,180	49,342	568	49,910
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(665)	(665)
Receipts from non-controlling interests (Note 15)	-	-	-	-	-	-	1,139	1,139	2,091	3,230
Shares repurchased and cancelled	(66,000)	(412)	-	-	-	-	(391)	(803)	-	(803)
Shares issued by subsidiary under services agreement	-	-	-	-	-	-	-	-	410	410
Preferred securities distribution	-	-	-	-	-	-	(2,479)	(2,479)	-	(2,479)
Dividends	-	-	-	-	-	-	(3,857)	(3,857)	-	(3,857)
Share-based compensation	-	-	-	-	1,089	-	-	1,089	-	1,089
Shares issued under long-term incentive plan	10,070	125	-	-	(125)	-	-	-	-	-
Balance, June 30, 2019	42,795,796	\$ 267,249	10,000,000	\$ 57,061	\$ 21,002	\$ 63,548	\$ 7,424	\$ 416,284	\$ 14,812	\$ 431,096

See accompanying notes to Condensed Consolidated Financial Statements

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

Altius is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is 2nd Floor, 38 Duffy Place, St. John's, Newfoundland and Labrador, Canada A1B 4M5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 8, 2019.

2. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or investments which are measured at fair value through other comprehensive income. Additionally, these consolidated financial statements have been prepared using accrual basis accounting. All amounts are expressed in Canadian dollars, unless otherwise stated. Tabular amounts are presented in thousands of Canadian dollars with the exception of per share amounts.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2018, with the exception of changes arising from the adoption of IFRS 16 - Leases with a date of initial application of January 1, 2019.

The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018.

IFRS 16 - Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. IFRS 16 introduced significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of right-of-use assets and lease liabilities at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. IFRS 16 was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019.

IFRS 16 has changed how the Corporation accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16 for all except for short term leases and leases of low-value assets, the Corporation will (i) recognize ‘right-of-use’ assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments discounted at the incremental borrowing rate; (ii) recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement

of earnings; and (iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Corporation has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. The Corporation has taken the exemptions related to short-term and low value asset leases. Exploration and evaluation assets and mineral leases are not in the scope of this standard.

The adoption of IFRS 16 did not have a material effect on the consolidated financial statements.

4. INTERESTS IN JOINT VENTURES

IN THOUSANDS OF CANADIAN DOLLARS

	LNRLP	Prairie Royalties LP	Total
Balance December 31, 2017	\$ 5,717	\$ 148,935	154,652
Acquisition of control of Potash Royalty Limited Partnership	-	(48,535)	(48,535)
Earnings (loss)	(230)	10,619	10,389
Cash (receipts) disbursements	298	(19,644)	(19,346)
Balance, December 31, 2018	\$ 5,785	\$ 91,375	\$ 97,160
Earnings	268	2,803	3,071
Cash receipts	(556)	(8,257)	(8,813)
Balance, June 30, 2019	\$ 5,497	\$ 85,921	\$ 91,418

5. INVESTMENT IN ASSOCIATES

IN THOUSANDS OF CANADIAN DOLLARS

	Alderon	Adventus Mining	Total
Balance, December 31, 2017	\$ -	\$ 4,826	\$ 4,826
Additions	5,224	330	5,554
Share of earnings (loss) in associates	(1,611)	55	(1,556)
Dilution gain on issuance of shares by associates	407	1,875	2,282
Balance, December 31, 2018	\$ 4,020	\$ 7,086	\$ 11,106
Additions	-	50	50
Share of loss in associates	(907)	(1,215)	(2,122)
Dilution gain on issuance of shares by associates	-	1,199	1,199
Balance, June 30, 2019	\$ 3,113	\$ 7,120	\$ 10,233

Percentage ownership:

At December 31, 2018	37.98%	21.83%
At June 30, 2019	37.95%	18.10%

Effective May 22, 2019 the Corporation's ownership in Adventus Mining Corporation ("Adventus") was diluted to 18.1%. The Corporation continues to have significant influence over the financial and operating policy decisions of Adventus through Board representation and therefore continues to account for this investment using the equity method.

6. MINING AND OTHER INVESTMENTS

IN THOUSANDS OF CANADIAN DOLLARS

	Investments	Share Purchase Warrants	Total
Balance, December 31, 2017	\$ 110,813	\$ 2,243	\$ 113,056
Additions	21,618	520	22,138
Reclassification to investments in traded securities	104	(104)	-
Reclassification from convertible debenture	10,700	-	10,700
Receipt for interest in mineral property	1,167	11	1,178
Disposals	(858)	-	(858)
Revaluation	(19,775)	(2,000)	(21,775)
Balance, December 31, 2018	\$ 123,769	\$ 670	\$ 124,439
Additions	26,115	311	26,426
Reclassification to investments in traded securities	114	(114)	-
Receipt for interest in mineral property	298	-	298
Disposals	(13,898)	-	(13,898)
Revaluation	43,476	610	44,086
Balance, June 30, 2019	\$ 179,874	\$ 1,477	\$ 181,351

As at June 30, 2019 mining and other investments include an investment in Labrador Iron Ore Royalty Corporation of \$135,934,000 (December 31, 2018 - \$84,719,000) consisting of 3,881,600 (December 31, 2018 - 3,495,000) common shares.

7. ROYALTY AND STREAMING INTERESTS

IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at December 31, 2018	Additions	As at June 30, 2019
Royalty interests				
Rocanville - Potash		\$ 72,880	\$ 244	\$ 73,124
Esterhazy - Potash		32,869	100	32,969
Cory - Potash		18,812	-	18,812
Allan - Potash		6,317	-	6,317
Patience Lake - Potash		3,872	-	3,872
Vanscoy - Potash		5,197	-	5,197
Other potash		7,000	-	7,000
Coal & coal bed methane		8,000	-	8,000
777 Mine - Copper & zinc		47,356	-	47,356
Gunnison - Copper		10,300	-	10,300
Pickett Mountain		7,606	-	7,606
Curipamba - Copper, gold, zinc	a	-	13,407	13,407
Clyde River - Hydro	8	-	3,368	3,368
Streaming interest				
Chapada - Copper		77,634	-	77,634
Balance, end of period		\$ 297,843	\$ 17,119	\$ 314,962
Accumulated amortization, depletion				
Rocanville - Potash		\$ 1,743	\$ 1,017	\$ 2,760
Esterhazy - Potash		269	207	476
Cory - Potash		114	96	210
Allan - Potash		218	176	394
Patience Lake - Potash		9	15	24
Vanscoy - Potash		72	(25)	47
Other potash		42	1	43
Coal & coal bed methane		1,834	200	2,034
777 Mine - Copper & zinc		28,076	2,956	31,032
Gunnison - Copper		-	-	-
Pickett Mountain		-	-	-
Curipamba - Copper, gold, zinc		-	-	-
Clyde River - Hydro		-	-	-
Streaming interest				
Chapada - Copper		12,346	2,887	15,233
Balance, end of period		\$ 44,723	\$ 7,530	\$ 52,253
Net book value		\$ 253,120	\$ 9,589	\$ 262,709

a. Curipamba

On January 21, 2019 the Corporation entered into an agreement to acquire a 2% net smelter return royalty covering the Curipamba copper-gold-zinc project (the "Curipamba Project") from Resource Capital Fund VI L.P. and RCF VI SRL LLP (collectively, "RCF") for US\$10 million in cash. The Curipamba Project, located in central Ecuador, is being developed under a 75:25 partnership between Adventus and Salazar Resources Ltd. Altius currently holds 18.1% of the outstanding shares of Adventus.

IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at December 31, 2017	Additions and Impairments	As at December 31, 2018
Royalty interests				
Rocanville - Potash	\$	11,891	\$ 60,989	\$ 72,880
Esterhazy - Potash		3,000	29,869	32,869
Cory - Potash		-	18,812	18,812
Allan - Potash		-	6,317	6,317
Patience Lake - Potash		-	3,872	3,872
Vanscoy - Potash		-	5,197	5,197
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	5,000	10,300
Sheerness West - Coal		9,000	(9,000)	-
Pickett Mountain		7,606	-	7,606
Streaming interest				
Chapada - Copper		77,634	-	77,634
Balance, end of period	\$	176,787	\$ 121,056	\$ 297,843
Accumulated amortization, depletion				
Rocanville - Potash	\$	68	\$ 1,675	\$ 1,743
Esterhazy - Potash		59	210	269
Cory - Potash		-	114	114
Allan - Potash		-	218	218
Patience Lake - Potash		-	9	9
Vanscoy - Potash		-	72	72
Other potash		38	4	42
Coal & coal bed methane		1,434	400	1,834
777 Mine - Copper & zinc		21,459	6,617	28,076
Gunnison - Copper		-	-	-
Sheerness West - Coal		-	-	-
Pickett Mountain		-	-	-
Streaming interest				
Chapada - Copper		7,093	5,253	12,346
Balance, end of period	\$	30,151	\$ 14,572	\$ 44,723
Net book value	\$	146,636	\$ 106,484	\$ 253,120

8. ACQUISITION

On February 5, 2019 the Corporation acquired all of the outstanding shares of a private company, Great Bay Renewables, Inc. ("Great Bay") from its shareholders for cash of US\$5 million (CAD\$6.5 million). The Great Bay acquisition added a paying royalty on the 4.7 MW Clyde River hydroelectric/solar facility located in Vermont and some working capital to the Corporation.

On February 7, 2019 the Corporation announced its first renewable energy royalty transaction with leading Texas-based wind energy developer Tri Global Energy LLC ("TGE"). The Corporation, through its subsidiary Great Bay, will receive a 3% gross revenue royalty on each individual pipeline project created until a target minimum total royalty valuation is achieved. The Corporation has committed to investing, in tranches, a total of US\$30 million over the next three years as TGE achieves certain advancement milestones and could be subject to penalties if future tranches are requested but not funded after milestones have been met. An initial investment of US\$7.5 million was made upon closing using cash on hand and classified as mining and other investments.

The Corporation has accounted for the purchase of Great Bay in accordance with *IFRS 3 Business Combinations*. The preliminary purchase price of the acquisition, before acquisition costs, has been allocated based on the estimated fair value of the net assets acquired from Great Bay.

Since the acquisition date royalty income of \$122,000 and general and administrative expenses of \$535,000 have been included in the Corporation's financial results. Had the business combination occurred at the beginning of the annual reporting period any impact to the financial results would have been nominal.

Allocation of net purchase price of Great Bay

The preliminary net purchase price, subject to final identification and valuations of all intangible assets, has been allocated to the estimated fair values of the Great Bay assets and liabilities as at February 5, 2019 in accordance with the purchase method, as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	Net total	
Assets acquired:		
Cash and cash equivalents	\$	416
Total current assets	\$	416
Other intangible assets	\$	2,771
Royalty interest in renew ables	\$	3,381
Fair value of net assets	\$	6,568
Consideration paid	\$	6,568
Fair value of net assets	\$	6,568
	\$	-

9. INCOME TAXES

Significant components of the deferred tax assets and liabilities are as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	June 30, 2019	December 31, 2018
Temporary differences related to exploration and evaluation assets, property and other	\$ (4,791)	\$ (5,398)
Non capital and net capital loss carryforwards	2,774	2,079
Carrying value of investments in excess of tax values	(9,656)	(3,128)
Temporary differences related to preferred securities	(30,000)	(30,000)
Deferred and deductible share-based compensation and other costs	1,017	839
Share and debt issue costs	999	1,052
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	(11,516)	(12,650)
	\$ (51,173)	\$ (47,206)

	June 30, 2019	December 31, 2018
Deferred tax liabilities	\$ (56,759)	\$ (51,969)
Deferred tax assets	5,586	4,763
Total deferred income tax	\$ (51,173)	\$ (47,206)

Components of income tax expense (recovery) are as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Current tax	\$ 1,736	\$ 1,315	\$ 3,251	\$ 3,500
Deferred tax	(2,749)	(188)	(2,780)	(576)
	\$ (1,013)	\$ 1,127	\$ 471	\$ 2,924

10. DEBT

IN THOUSANDS OF CANADIAN DOLLARS

At amortized cost	June 30, 2019	December 31, 2018
Long-term debt	\$ 117,565	\$ 112,790
Current	20,000	20,000
Non-current	97,565	92,790
	\$ 117,565	\$ 112,790

On January 28, 2019 the Corporation completed a draw down on its revolving facility for \$25,208,000 to acquire mining and other investments. As at June 30, 2019, the Corporation has approximately \$85,000,000 of additional liquidity on its revolving facility.

The Term Credit Facility has a five-year term and is repayable by June 2023 with quarterly principal repayments of \$5 million, bearing interest at variable rates based on the total net debt ratio, and additional repayments are permitted at any time with no penalty. The Revolving Facility is payable in full by June 2023 and is permitted for future qualifying royalty and streaming acquisitions.

The Corporation has a floating-to-fixed interest rate swap to lock in the interest rate on a portion of the Term Credit Facility on an amortized basis. The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly principal repayments on the term debt. The balance outstanding on the swap at June 30, 2019 is \$80 million. The Corporation expects the interest rate on the fixed portion of the debt to be approximately 5.45% per annum during the full term of the loan, with the remaining balance of the Term Credit Facility and the Revolving Facility initially carrying a 4.67% interest rate that will change in accordance with market interest rates. The Corporation has applied hedge accounting to this relationship whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive earnings. Settlement of both the fixed and variable portions of the interest rate swap occurs on a quarterly basis. The full amount of the hedge was determined to be effective as at June 30, 2019 and all critical terms matched during the period. The Corporation has classified this financial instrument as a cash flow hedge and the fair value of the hedging instrument is recorded as a liability of \$1,077,000 (December 31, 2018 - \$397,000) on the balance sheet.

In accordance with the terms of the previous and amended credit facilities, the Corporation repaid \$10,000,000 during the six months ended June 30, 2019 (June 30, 2018 - \$6,500,000), in addition to repaying approximately \$10,647,000 on its revolving facility.

The Corporation is amortizing costs of \$2,595,000 attributable to securing the Amended Credit Facilities over the life of the facilities using an effective interest rate of 5.42%. During the three and six months ended June 30, 2019 \$180,000 and \$380,000 (June 30, 2018 - \$812,000 and \$969,000) of the costs were recognized in the consolidated statement of earnings.

As at June 30, 2019 the Corporation was in compliance with all debt covenants.

The following principal repayments for the Amended Credit Facilities are required over the next 4 years.

IN THOUSANDS OF CANADIAN DOLLARS

	Term	Revolver	Total
2020	\$20,000	-	\$ 20,000
2021	\$20,000	-	\$ 20,000
2022	\$20,000	-	\$ 20,000
2023	\$45,000	\$14,395	\$ 59,395
	\$105,000	\$14,395	\$ 119,395
	Less: unamortized debt costs		1,830
			\$ 117,565

11. REVENUE AND GENERAL AND ADMINISTRATIVE EXPENSES

IN THOUSANDS OF CANADIAN DOLLARS

Revenue and other income	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Royalty	\$ 8,626	\$ 7,156	\$ 15,660	\$ 11,152
Copper stream*	2,905	4,487	8,337	8,391
Interest and investment	3,654	1,134	8,048	2,597
Other	-	15	213	47
Total revenue and other income	\$ 15,185	\$ 12,792	\$ 32,258	\$ 22,187

*Revenue from contracts with customers

IN THOUSANDS OF CANADIAN DOLLARS

General and administrative expenses	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Salaries and benefits	\$ 1,547	\$ 1,047	\$ 3,143	\$ 1,881
Professional and consulting fees	(21)	537	744	1,230
Office and administrative	314	291	625	537
Travel and accommodations	95	98	221	225
Total general and administrative	\$ 1,935	\$ 1,973	\$ 4,733	\$ 3,873

12. SHARE CAPITAL

Shares repurchased

The Corporation renewed its Normal Course Issuer Bid ("NCIB") effective August 22, 2018 and it will end no later than August 21, 2019. The Corporation may purchase at market price up to 814,972 common shares representing approximately 1.89% of its 43,215,026 outstanding shares as of August 10, 2018. The Corporation repurchased and cancelled 66,000 common shares (June 30, 2018 – 6,200) during the six months ended June 30, 2019 at a cost of \$803,000 (June 30, 2018 - \$75,000).

Net earnings per share

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

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Weighted average number of shares:				
Basic	42,861,796	43,221,228	42,859,459	42,313,730
Diluted	43,177,271	43,505,997	43,156,884	43,494,896

Other equity reserves

Other equity reserves consist of share-based payment reserves of \$4,974,000, warrants of \$12,959,000 and contributed surplus of \$3,069,000 for a total of \$21,002,000. Share-based payment reserve amounts are in respect of stock options, DSUs and RSUs.

13. SUPPLEMENTAL CASH FLOW INFORMATION

IN THOUSANDS OF CANADIAN DOLLARS

	Six months ended	
	June 30, 2019	June 30, 2018
Adjustments for operating activities:		
Generative exploration	\$ 39	\$ 109
Exploration and evaluation assets abandoned or impaired	9,004	13
Share-based compensation	1,089	1,070
Foreign exchange loss	(167)	-
Amortization and depletion	7,554	6,855
Interest on long-term debt	4,127	3,878
Interest paid	(3,780)	(2,595)
Gain on disposal of investments	(103)	(92)
Unrealized (gain) loss on fair value adjustment of derivatives	(610)	286
Earnings from joint ventures	(3,071)	(8,221)
Share of loss in associates	2,122	482
Dilution gain on issuance of shares by an associate	(1,199)	-
Income taxes	471	2,924
Income taxes paid	(5,451)	(4,964)
	\$ 10,025	\$ (255)
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	(2,365)	455
Accounts payable and accrued liabilities	(954)	(2,436)
	\$ (3,319)	\$ (1,981)
Cash and cash equivalents consist of:		
Deposits with banks	23,914	52,199
Short-term investments	50	-
	\$ 23,964	\$ 52,199

14. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2019 the Corporation billed a joint venture \$nil (June 30, 2018 – \$114,000) and was billed \$6,000 by an associate (June 30, 2018 – \$3,000) for general and administrative expenses. During the six months ended June 30, 2019 the Corporation billed a joint venture \$nil (June 30, 2018 - \$114,000) and was billed \$12,000 by an associate (June 30, 2018 - \$11,000) for general administrative expenses.

During the three months ended June 30, 2019 the Corporation paid compensation to key management personnel and directors of \$500,000 (June 30, 2018 - \$510,000) related to salaries and benefits and incurred \$663,000 (June 30, 2018 - \$774,000) in share-based compensation costs. During the six months ended June 30, 2019 the Corporation paid compensation to key management personnel and directors of \$2,141,000 (June 30, 2018 - \$1,811,000) related to salaries and benefits and incurred \$1,089,000 (June 30, 2018 - \$1,070,000) in share-based compensation costs.

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

15. NON-CONTROLLING INTEREST

During the six months ended June 30, 2019, the Corporation received equity funds of \$2,232,000 (net of a flow through liability of \$660,000) from non-controlling interests of the Corporation's subsidiary Adia Resources Inc. and equity funds of \$1,003,000 from non-controlling interests of the Corporation's subsidiary Altius Renewables Royalties Corp. The Corporation made payments to a non controlling interest of \$665,000 (2018 - \$136,000) during the same period.

16. EXPLORATION AND EVALUATION ASSETS ABANDONED OR IMPAIRED

During the six months ended June 30, 2019 the Corporation recorded an impairment of \$9,000,000 of its exploration and evaluation Tower project (export thermal coal project in Alberta). Based on the present sentiment in Alberta and the outlook on the future coal environment, the Corporation does not intend to budget or plan substantive expenditures on the project. Despite indications of potential development near the project area, the carrying amount of the asset is unlikely to be recovered from development or sale.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table sets forth the Corporation's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy.

IN THOUSANDS OF CANADIAN DOLLARS

As at June 30, 2019	Level 1	Level 2	Level 3	TOTAL
Mining and other investments	158,653	1,477	21,221	181,351
FINANCIAL ASSETS	\$ 158,653	\$ 1,477	\$ 21,221	\$ 181,351
Derivative - cash flow swap	-	1,077	-	1,077
FINANCIAL LIABILITIES	\$ -	\$ 1,077	\$ -	\$ 1,077

As at December 31, 2018	Level 1	Level 2	Level 3	TOTAL
Mining and other investments	123,769	670	-	124,439
FINANCIAL ASSETS	\$ 123,769	\$ 670	\$ -	\$ 124,439
Derivative - cash flow swap	-	397	-	397
FINANCIAL LIABILITIES	\$ -	\$ 397	\$ -	\$ 397

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included in the December 31, 2018 annual consolidated financial statements.

18. SEGMENTED INFORMATION

Key measures used by the Chief Operating Decision Maker in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) ("adjusted EBITDA") and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. Revenue

and expenses from the LNRLP and Prairie Royalties 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.

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Three months ended June 30, 2019					
Revenue and other income	\$ 19,533	\$ 5	\$ 19,538	\$ (4,353)	\$ 15,185
Costs and Expenses					
General and administrative	1,286	708	1,993	(58)	1,935
Cost of sales - copper stream	869	-	869	-	869
Generative exploration	-	36	36	-	36
Mineral rights and leases	-	296	296	-	296
Adjusted EBITDA	\$ 17,379	\$ (1,035)	\$ 16,344	\$ (4,295)	\$ 12,049
Share-based compensation	\$ (497)	\$ (166)	\$ (663)	\$ -	\$ (663)
Amortization and depletion	(4,656)	(23)	(4,679)	878	(3,801)
Earnings from joint ventures	-	-	-	(673)	(673)
Impairment on royalty interest	(4,090)	-	(4,090)	4,090	-
Foreign exchange gain (loss)	52	-	52	-	52
Unrealized loss on fair value adjustment of derivative	-	955	955	-	955
Exploration and evaluation assets abandoned or impaired	-	(9,004)	(9,004)	-	(9,004)
Dilution gain on issuance of shares by an associate	-	1,199	1,199	-	1,199
Share of loss in associates	-	(903)	(903)	-	(903)
Interest on long-term debt	(2,092)	-	(2,092)	-	(2,092)
Earnings (loss) before income taxes	\$ 6,095	\$ (8,976)	\$ (2,881)	\$ -	\$ (2,881)
Income taxes (current and deferred)					(1,013)
Net loss					\$ (1,868)

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties		Project Generation		Subtotal		Adjustment for Joint Ventures		Total	
Three months ended June 30, 2018										
Revenue and other income	\$	16,543	\$	214	\$	16,757	\$	(3,965)	\$	12,792
Costs and Expenses										
General and administrative		1,459		618		2,077		(104)	\$	1,973
Cost of sales - copper stream		1,302		-		1,302		-		1,302
Generative exploration		-		49		49		-		49
Mineral rights and leases		-		297		297		-		297
Adjusted EBITDA	\$	13,782	\$	(750)	\$	13,032	\$	(3,861)	\$	9,171
Share-based compensation	\$	(503)	\$	(271)	\$	(774)	\$	-	\$	(774)
Amortization and depletion		(4,658)		(2)		(4,660)		855		(3,805)
Earnings from joint ventures		-		-		-		3,006		3,006
Foreign exchange loss		(60)		-		(60)		-		(60)
Unrealized gain on fair value adjustment of derivative		-		1,897		1,897		-		1,897
Exploration and evaluation assets abandoned or impaired		-		(4)		(4)		-		(4)
Share of loss in associates		-		(150)		(150)		-		(150)
Interest on long-term debt		(2,634)		-		(2,634)		-		(2,634)
Earnings before income taxes	\$	5,927	\$	720	\$	6,647	\$	-	\$	6,647
Income taxes (current and deferred)										1,127
Net earnings									\$	5,520

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Six months ended June 30, 2019					
Revenue and other income	\$ 41,377	\$ 14	\$ 41,391	\$ (9,133)	\$ 32,258
Costs and Expenses					
General and administrative	3,020	1,853	4,872	(139)	4,733
Cost of sales - copper stream	2,434	-	2,434	-	2,434
Generative exploration	-	39	39	-	39
Mineral rights and leases	-	343	343	-	343
Adjusted EBITDA	\$ 35,924	\$ (2,221)	\$ 33,703	\$ (8,994)	\$ 24,709
Share-based compensation	\$ (816)	\$ (273)	\$ (1,089)	\$ -	\$ (1,089)
Amortization and depletion	(9,360)	(27)	(9,387)	1,833	(7,554)
Earnings from joint ventures	-	-	-	3,071	3,071
Impairment on royalty interest	(4,090)	-	(4,090)	4,090	-
Gain on disposal of investments	-	103	103	-	103
Foreign exchange loss	(577)	-	(577)	-	(577)
Unrealized gain on fair value adjustment of derivative	-	610	610	-	610
Exploration and evaluation assets abandoned or impaired	-	(9,004)	(9,004)	-	(9,004)
Dilution gain on issuance of shares by associate	-	1,199	1,199	-	1,199
Share of loss and impairment in associates	-	(2,122)	(2,122)	-	(2,122)
Interest on long-term debt	(4,127)	-	(4,127)	-	(4,127)
Earnings (loss) before income taxes	\$ 16,953	\$ (11,734)	\$ 5,219	\$ -	\$ 5,219
Income taxes (current and deferred)					471
Net earnings					\$ 4,748
Supplementary information					
Total assets	\$ 550,485	\$ 63,452	\$ 613,937	\$ -	\$ 613,937
Operating activities	22,449	(2,182)	20,267	(8,813)	11,454
Financing Activities	(2,276)	2,928	652	-	652
Investing Activities	(39,005)	13,658	(25,347)	8,813	(16,534)
Total cash flow from (used)	\$ (18,832)	\$ 14,404	\$ (4,428)	\$ -	\$ (4,428)

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Six months ended June 30, 2018					
Revenue and other income	\$ 32,348	\$ 506	\$ 32,854	\$ (10,667)	\$ 22,187
Costs and Expenses					
General and administrative	2,826	1,372	4,198	(325)	3,873
Cost of sales - copper stream	2,446	-	2,446	-	2,446
Generative exploration	-	109	109	-	109
Mineral rights and leases	-	375	375	-	375
Adjusted EBITDA	\$ 27,076	\$ (1,350)	\$ 25,726	\$ (10,342)	\$ 15,384
Share-based compensation	\$ (725)	\$ (345)	\$ (1,070)	\$ -	\$ (1,070)
Amortization and depletion	(8,972)	(4)	(8,976)	2,121	(6,855)
Earnings from joint ventures	-	-	-	8,221	8,221
Gain on disposal of investments	-	92	92	-	92
Foreign exchange loss	(142)	-	(142)	-	(142)
Unrealized loss on fair value adjustment of derivative	-	(286)	(286)	-	(286)
Exploration and evaluation assets abandoned or impaired	-	(13)	(13)	-	(13)
Share of loss in associates	-	(482)	(482)	-	(482)
Interest on long-term debt	(3,878)	-	(3,878)	-	(3,878)
Earnings (loss) before income taxes	\$ 13,359	\$ (2,388)	\$ 10,971	\$ -	\$ 10,971
Income taxes (current and deferred)					2,924
Net earnings					\$ 8,047
Supplementary information					
Total assets	\$ 541,800	\$ 55,102	\$ 596,902	\$ -	\$ 596,902
Cash flow from (used)					
Operating activities	18,756	(1,166)	17,590	(11,779)	5,811
Financing activities	50,275	-	50,275	-	50,275
Investing activities	(71,073)	(6,575)	(77,648)	11,779	(65,869)
Total cash flow from (used)	\$ (2,042)	\$ (7,741)	\$ (9,783)	\$ -	\$ (9,783)