



ALTIUS MINERALS CORPORATION

*Condensed Consolidated Interim Financial Statements
For the three and nine months ended
January 31, 2014 and 2013
(Unaudited)*



ALTIUS MINERALS CORPORATION

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ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at

| | <u>Note #</u> | January 31, 2014 \$ | April 30, 2013 \$ Restated (Note 17) |
|--|---------------|-----------------------------------|--|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 13 | 28,861 | 67,806 |
| Marketable securities | | 94,517 | 77,926 |
| Accounts receivable and prepaid expenses | | 285 | 499 |
| Income taxes receivable | | 1,113 | 1,004 |
| | | 124,776 | 147,235 |
| Non-current assets | | | |
| Exploration and evaluation assets | 5 | 2,947 | 2,826 |
| Property and equipment | | 158 | 192 |
| Interests in joint ventures | 6 | 8,345 | 8,892 |
| Investments in associates | 7 | 72,022 | 73,223 |
| Mining and other investments | 8 | 66,811 | 37,621 |
| Other assets | 18 | 3,206 | - |
| Deferred income taxes | 9 | 2,896 | 2,851 |
| | | 156,385 | 125,605 |
| TOTAL ASSETS | | 281,161 | 272,840 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 2,053 | 1,945 |
| Other liabilities | 12 | 1,319 | - |
| | | 3,372 | 1,945 |
| Non-current liabilities | | | |
| Other liabilities | 12 | 1,989 | 1,404 |
| Deferred income taxes | 9 | 9,831 | 8,988 |
| | | 15,192 | 12,337 |
| EQUITY | | | |
| Shareholders' equity | | 262,882 | 257,734 |
| Non-controlling interest | | 3,087 | 2,769 |
| | | 265,969 | 260,503 |
| TOTAL LIABILITIES AND EQUITY | | 281,161 | 272,840 |

see accompanying notes to the unaudited condensed consolidated interim financial statements



ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Loss

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

| | Note # | Three months ended | | Nine months ended | |
|--|--------|---------------------|-----------------------|---------------------|-----------------------|
| | | January 31, 2014 | 2013 | January 31, 2014 | 2013 |
| | | \$ | \$ | \$ | \$ |
| | | | Restated (Note 17) | | Restated (Note 17) |
| Revenue | | | | | |
| Interest and investment | | 523 | 466 | 1,376 | 1,821 |
| Other | | 1,481 | 106 | 1,516 | 215 |
| | | 2,004 | 572 | 2,892 | 2,036 |
| Expenses | | | | | |
| General and administrative | 10 | 1,038 | 906 | 3,897 | 2,876 |
| Share-based compensation | 12 | 1,739 | 862 | 1,927 | 549 |
| Generative exploration | | 85 | 73 | 576 | 428 |
| Exploration and evaluation assets abandoned or impaired | 5 | - | 139 | 453 | 140 |
| Amortization | | 17 | 19 | 45 | 56 |
| | | 2,879 | 1,999 | 6,898 | 4,049 |
| Loss on disposal of investments | 8 | (46) | (1,353) | (1,324) | (1,725) |
| Unrealized gain (loss) on fair value adjustment of derivatives | 8 | 1,528 | (90) | 4,133 | 94 |
| Dilution gain on issuance of shares by associates | 7 | 229 | - | 348 | 1,738 |
| Earnings from joint ventures | 6 | 78 | 379 | 565 | 983 |
| Share of loss in associates | 7 | (1,078) | (1,939) | (2,509) | (9,699) |
| Loss before income taxes | | (164) | (4,430) | (2,793) | (10,622) |
| Income tax (recovery) expense | | | | | |
| Current | | (14) | 95 | 381 | 848 |
| Deferred | | (284) | (767) | (1,245) | (2,281) |
| | | (298) | (672) | (864) | (1,433) |
| Net earnings (loss) | | 134 | (3,758) | (1,929) | (9,189) |
| Net earnings (loss) attributable to: | | | | | |
| Common shareholders | | (2) | (3,627) | (2,025) | (9,369) |
| Non-controlling interest | | 136 | (131) | 96 | 180 |
| | | 134 | (3,758) | (1,929) | (9,189) |
| Net (loss) earnings per share | | | | | |
| - basic | 11 | - | (0.13) | (0.07) | (0.33) |
| - diluted | 11 | - | (0.13) | (0.07) | (0.33) |

see accompanying notes to the unaudited condensed consolidated interim financial statements



ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Earnings (Loss)

(Unaudited - In thousands of Canadian dollars)

| | Three months ended January 31, | | Nine months ended January 31, | |
|---|-----------------------------------|-------------|----------------------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | \$ | \$ | \$ | \$ |
| Net earnings (loss) | 134 | (3,758) | (1,929) | (9,189) |
| Other comprehensive earnings (loss), net of tax | | | | |
| To be reclassified subsequently to profit or loss: | | | | |
| Net unrealized gain on available-for-sale investments (net of deferred income taxes of \$2,164 (2013 - \$370)) | 10,150 | 1,214 | 14,093 | 2,780 |
| Adjustment for realized gain on available-for-sale investments recognized in net loss (net of deferred income tax recovery of \$122 (2013 - recovery of \$(212))) | (39) | (482) | (801) | (1,388) |
| Total comprehensive earnings (loss) | 10,245 | (3,026) | 11,363 | (7,797) |
| Total comprehensive earnings (loss) attributable to: | | | | |
| Common shareholders | 9,888 | (2,897) | 10,839 | (8,373) |
| Non-controlling interest | 357 | (129) | 524 | 576 |
| | 10,245 | (3,026) | 11,363 | (7,797) |

see accompanying notes to the unaudited condensed consolidated interim financial statements



ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

| | <u>Note #</u> | For the nine months ended January 31, | |
|---|---------------|--|--|
| | | <u>2014</u> \$ | <u>2013</u> \$ Restated (Note 17) |
| Operating activities | | | |
| Net loss | | (1,929) | (9,189) |
| Adjustments for: | | | |
| Generative exploration | | 576 | 428 |
| Exploration and evaluation assets abandoned or impaired | | 453 | 140 |
| Share-based compensation | | 1,927 | 549 |
| Amortization | | 45 | 56 |
| Loss on disposal of investments | | 1,324 | 1,725 |
| Unrealized gain on fair value adjustment of derivatives | | (4,133) | (94) |
| Earnings from joint ventures | | (565) | (983) |
| Non-cash other revenue | | (1,470) | - |
| Share of loss in associates | | 2,509 | 9,699 |
| Dilution gain on issuance of shares by associates | | (348) | (1,738) |
| Income tax recovery | | (864) | (1,433) |
| Income taxes (paid) received | | (490) | 5,389 |
| | | (2,965) | 4,549 |
| Changes in non-cash operating working capital | 13 | 322 | (680) |
| | | (2,643) | 3,869 |
| Financing activities | | | |
| Payments to non-controlling interests | | (206) | 416 |
| Repurchase of common shares | | (5,957) | (6,713) |
| Proceeds from exercise of stock options | | 244 | 20 |
| | | (5,919) | (6,277) |
| Investing activities | | | |
| Proceeds from sale of investments | 8 | 652 | 6,919 |
| Distributions received from joint venture | 6 | 1,854 | 2,053 |
| Investment in joint venture | 6 | (742) | - |
| Generative exploration | | (576) | (428) |
| Exploration and evaluation assets, net of recoveries | 5 | (574) | 75 |
| Increase in marketable securities | | (16,591) | (4,402) |
| Other assets and acquisition costs | 18 | (3,206) | - |
| Acquisition of investments | 7 & 8 | (11,189) | (13,277) |
| Acquisition of property and equipment | | (11) | (8) |
| | | (30,383) | (9,068) |
| Net decrease in cash and cash equivalents | | (38,945) | (11,476) |
| Cash and cash equivalents, beginning of period | | 67,806 | 50,374 |
| Cash and cash equivalents, end of period | | 28,861 | 38,898 |



ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited - In thousands of Canadian dollars, except share amounts)

| | <u>Common Shares</u> | | Share-based Payment <u>Reserve</u> | Accumulated Other Comprehensive (Loss) <u>Earnings</u> | Retained <u>Earnings</u> | Total Shareholders' <u>Equity</u> | Non- controlling <u>interest</u> | Total <u>Equity</u> |
|--|----------------------|---------------|--|---|-----------------------------|---|--|------------------------|
| | # | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, April 30, 2012 | 28,759,675 | 76,881 | 3,676 | (912) | 200,559 | 280,204 | 1,991 | 282,195 |
| Net (loss) earnings and comprehensive loss, May 1, 2012 to January 31, 2013 | - | - | - | 996 | (9,369) | (8,373) | 576 | (7,797) |
| Payments to non-controlling interest | - | - | - | - | - | - | 416 | 416 |
| Shares repurchased and cancelled | (629,728) | (1,682) | - | - | (5,031) | (6,713) | - | (6,713) |
| Share-based compensation | - | - | 78 | - | - | 78 | - | 78 |
| Shares issued under stock option plan | 18,071 | 89 | (69) | - | - | 20 | - | 20 |
| Balance, January 31, 2013 | 28,148,018 | 75,288 | 3,685 | 84 | 186,159 | 265,216 | 2,983 | 268,199 |
| Net loss and comprehensive loss, February 1, 2013 to to April 30, 2013 | - | - | - | (1,874) | (3,970) | (5,844) | (146) | (5,990) |
| Payments to non-controlling interest | - | - | - | - | - | - | (68) | (68) |
| Shares repurchased and cancelled | (147,700) | (396) | - | - | (1,257) | (1,653) | - | (1,653) |
| Share-based compensation | - | - | 13 | - | - | 13 | - | 13 |
| Shares issued under stock option plan | 2,486 | 14 | (12) | - | - | 2 | - | 2 |
| Balance, April 30, 2013 | 28,002,804 | 74,906 | 3,686 | (1,790) | 180,932 | 257,734 | 2,769 | 260,503 |
| Net earnings (loss) and comprehensive earnings, May 1, 2013 to January 31, 2014 | - | - | - | 12,864 | (2,025) | 10,839 | 524 | 11,363 |
| Payments to non-controlling interest | - | - | - | - | - | - | (206) | (206) |
| Shares repurchased and cancelled | (559,500) | (1,498) | - | - | (4,459) | (5,957) | - | (5,957) |
| Share-based compensation | - | - | 22 | - | - | 22 | - | 22 |
| Shares issued under stock option plan | 152,517 | 839 | (595) | - | - | 244 | - | 244 |
| Balance, January 31, 2014 | 27,595,821 | 74,247 | 3,113 | 11,074 | 174,448 | 262,882 | 3,087 | 265,969 |

see accompanying notes to the unaudited condensed consolidated interim financial statements



ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements

January 31, 2014 and 2013

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

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation's ("Altius" or the "Corporation") principal business activities include the generation and acquisition of exploration and evaluation assets, royalties, and investments. The Corporation prefers to generate alliances or corporate structures related to the mineral exploration and natural resource opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

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 unaudited condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on March 12, 2014.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as our most recent annual consolidated financial statements, except as noted in Note 4. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

3. CRITICAL ACCOUNTING ESTIMATES

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

In preparing these unaudited condensed consolidated interim 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 were the same as those that applied to the annual consolidated financial statements for the year ended April 30, 2013.

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.



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

4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has adopted these standards as of May 1, 2013 and has determined that, except as noted below on IFRS 11, they have no material impact on the Corporation's financial results.

Disclosures, Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7): On December 16, 2011 the IASB published new disclosure requirements jointly with the Financial Accounting Standards Board "(FASB)" that enables users of financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

IFRS 10, Consolidated Financial Statements: IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*.

IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers*. The Corporation reviewed and assessed the legal form and terms of the contractual arrangements in joint arrangements. The application of IFRS 11 has changed the method for accounting of the Corporation's investment in Labrador Nickel Royalty Limited Partnership from the proportionate consolidation method to the equity method. The change in accounting method has affected amounts and classifications presented in the Corporation's financial statements (see Note 17 and Note 6).

IFRS 12, Disclosure of Interests in Other Entities: IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

IFRS 13, Fair Value Measurements: IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately.

IAS 28, Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures.



ALTIUS MINERALS CORPORATION

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January 31, 2014 and 2013

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

4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The following standards are effective for annual periods beginning on or after January 1, 2014 or later, with earlier adoption permitted.

IAS 32 – Financial Instruments Presentation: the IASB published amendments to IAS 32, on December 16, 2011, to clarify the application of the offsetting requirements.

IFRS 9, Financial Instruments: In July 2011, the IASB agreed to defer the effective date of IFRS 9 from 2013 to 2015. This has since been delayed indefinitely. The standard is the first part of a multi-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRIC 21, Levies: IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

The Corporation has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.



ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements

January 31, 2014 and 2013

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

5. EXPLORATION AND EVALUATION ASSETS

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation sells 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, 2013 | Additions, net of recoveries | Abandoned or impaired | As at January 31, 2014 |
|-------------------------------|------|-------------------------|---------------------------------|--------------------------|---------------------------|
| | | \$ | \$ | \$ | \$ |
| Labrador | | | | | |
| Natashquan River - Nickel | a | 521 | (8) | - | 513 |
| Notakwanon River - Uranium | | 234 | - | - | 234 |
| Julienne Lake - Iron Ore | | 1,158 | 297 | - | 1,455 |
| Other - Uranium/Nickel | | - | 30 | - | 30 |
| Newfoundland | | | | | |
| Topsails - Uranium/Copper | | 336 | 2 | (338) | - |
| Rocky Brook - Uranium | | 94 | 3 | (97) | - |
| Moosehead - Gold | | 21 | - | - | 21 |
| Taylor Brook - Nickel | | 263 | 5 | - | 268 |
| Other | | 18 | 15 | (4) | 29 |
| Quebec | | | | | |
| Fosse Gold | b | - | 233 | - | 233 |
| Grand Portage - Nickel/Copper | | 114 | 23 | - | 137 |
| Security Deposits | | 67 | (26) | (14) | 27 |
| Grand Total | | 2,826 | 574 | (453) | 2,947 |

Alliance/earn in agreements that were in existence at April 30, 2013 are described in greater detail in the consolidated annual financial statements for the year ended April 30, 2013. Newly formed agreements since April 30, 2013 are described below.

a – Natashquan River

On July 25, 2013, the Corporation announced an earn in and royalty agreement with Anglo American to explore the Natashquan nickel/copper PGe property. Under the terms of the agreement, Anglo American may earn 66% of the property by investing \$20,000,000 in exploration expenditures over a five year period. Altius will also retain a 1% net smelter return royalty on the property upon formation of the joint venture.

b – Fosse Gold

On July 9, 2013, the Corporation formed an exploration alliance with Virginia Mines Limited, a Quebec based mineral exploration company, to explore for base and precious metals in the Labrador Trough. Both companies will cost-share in early stage exploration expenditures over a multi-year exploration program to evaluate this region.



ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements

January 31, 2014 and 2013

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

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

| Project | As at April 30, 2012 | Additions, net of recoveries | Abandoned or impaired | As at April 30, 2013 |
|---------------------------------------|---------------------------------|---|----------------------------------|---------------------------------|
| | \$ | \$ | \$ | \$ |
| Labrador | | | | |
| Natashquan River - Nickel | 368 | 153 | - | 521 |
| Notakwanon River - Uranium | 166 | 68 | - | 234 |
| Julienne Lake - Iron Ore | 600 | 558 | - | 1,158 |
| Snelgrove Lake - Iron Ore | 640 | (640) | - | - |
| Alexis River & Other - Uranium/Nickel | 16 | 14 | (30) | - |
| Newfoundland | | | | |
| Topsails - Uranium/Copper | 734 | 11 | (409) | 336 |
| Rocky Brook - Uranium | 92 | 2 | - | 94 |
| Moosehead - Gold | 15 | 6 | - | 21 |
| Taylor Brook - Nickel | 217 | 46 | - | 263 |
| Wing Pond - Gold | 108 | 1 | (109) | - |
| Other | - | 19 | (1) | 18 |
| Quebec | | | | |
| Grand Portage - Nickel/Copper | - | 114 | - | 114 |
| Security Deposits | 282 | (199) | (16) | 67 |
| Grand Total | 3,238 | 153 | (565) | 2,826 |



ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements

January 31, 2014 and 2013

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

6. INTERESTS IN JOINT VENTURES

| | <u>LNRLP</u> | <u>Mining Equity</u> | <u>Total</u> |
|---------------------------------|--------------|----------------------|--------------|
| | \$ | \$ | \$ |
| Balance April 30, 2012 | 10,238 | - | 10,238 |
| Additions | - | 499 | 499 |
| Earnings (loss) | 1,342 | (499) | 843 |
| Receipt of distributions | (2,688) | - | (2,688) |
| Balance April 30, 2013 | 8,892 | - | 8,892 |
| Additions | - | 742 | 742 |
| Earnings (loss) | 830 | (265) | 565 |
| Receipt of distributions | (1,854) | - | (1,854) |
| Balance January 31, 2014 | 7,868 | 477 | 8,345 |

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership (“LNRLP”) a limited partnership that holds a 3% net smelter return royalty in the Voisey’s Bay nickel-copper-cobalt mine located in Northeastern Labrador, Canada. LNRLP’s sole business is the receipt and distribution of the net smelter return royalty on the mine. Distributions to the partners are normally completed on a quarterly basis. Effective May 1, 2013, the Corporation adopted IFRS 11 and management determined that the partnership is a joint venture. Consequently, the partnership interest is accounted for using the equity method under the new guidance, as opposed to the proportionate consolidation treatment in prior periods (see Note 17 for restatement of prior periods).

On November 12, 2012 the Corporation co-founded Fondo de Inversion Privado Mining Equity (“Mining Equity”), a private Chilean entity established to perform regional early stage exploration and prospect generation in Chile. The Corporation may invest an additional \$2,158,000 over a four year period to maintain its 49% ownership interest.



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Notes to the unaudited condensed consolidated interim financial statements

January 31, 2014 and 2013

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

7. INVESTMENTS IN ASSOCIATES

| | <u>Alderon</u> | <u>Sparkfly</u> | <u>Synodon</u> | <u>Total</u> |
|---|----------------|-----------------|----------------|---------------|
| | \$ | \$ | \$ | \$ |
| Balance April 30, 2012 | 77,530 | 2,376 | - | 79,906 |
| Reclassification from mining and other investments | - | - | 1,800 | 1,800 |
| Additions, net of disposals | - | 1,036 | - | 1,036 |
| Share of loss in associates | (10,401) | (579) | (256) | (11,236) |
| Dilution gain (loss) on issuance of shares by associate | 1,738 | - | (21) | 1,717 |
| Balance April 30, 2013 | 68,867 | 2,833 | 1,523 | 73,223 |
| Additions, net of disposals | - | 210 | 750 | 960 |
| Share of loss in associates | (1,846) | (392) | (271) | (2,509) |
| Dilution gain on issuance of shares by associate | - | 348 | - | 348 |
| Balance January 31, 2014 | 67,021 | 2,999 | 2,002 | 72,022 |
| Fair market value: | | | | |
| At April 30, 2013: | 33,855 | n/a | 2,693 | |
| At January 31, 2014: | 58,178 | n/a | 3,509 | |
| Percentage ownership: | | | | |
| At April 30, 2013: | 25.3% | 24.8% | 19.6% | |
| At January 31, 2014: | 25.3% | 23.9% | 22.4% | |



ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements
January 31, 2014 and 2013

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

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

| As at: | <u>December 31, 2013</u> | | <u>Oct 31, 2013</u> |
|-------------------|--------------------------|----------|---------------------|
| | Alderon | Sparkfly | Synodon |
| | \$ | \$ | \$ |
| Total assets | 261,997 | 4,318 | 1,785 |
| Total liabilities | (13,082) | (1,099) | (515) |

| | Nine months ended | | |
|--------------------|--------------------------|---------|---------------------|
| | <u>December 31, 2013</u> | | <u>Oct 31, 2013</u> |
| Total revenue | - | 509 | 729 |
| Comprehensive loss | (14,096) | (2,405) | (2,004) |

On December 8, 2010, Alderon earned a 100% interest in the Kami iron ore property by meeting all the requirements of the option agreement and delivered to the Corporation shares of Alderon at the time of closing. The Corporation currently holds 32,869,006 shares in Alderon or 25.3% (April 30, 2013 – 25.3%) of the total shares outstanding. The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on the Kami property.

A subsidiary of the Corporation, 2260761 Ontario Incorporated ("2260761"), holds a 23.9% (April 30, 2013 - 24.8%) interest in Sparkfly Inc. ("Sparkfly"), a private Georgia corporation that operates an innovative promotions and rewards platform integrated with retail point of sale systems.

2260761 also holds a 22.4% (April 30, 2013 – 19.6%) interest in Synodon Inc. ("Synodon"). Synodon is a technology company which has developed an advanced airborne remote gas sensing system called *realSens*, based on technologies developed under the Canadian Space Program and by Synodon scientists.



ALTIUS MINERALS CORPORATION

Notes to the unaudited condensed consolidated interim financial statements

January 31, 2014 and 2013

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

8. MINING AND OTHER INVESTMENTS

| | Share Purchase | | Total |
|--|----------------|--------------|---------------|
| | Investments | Warrants | |
| | \$ | \$ | \$ |
| Balance, April 30, 2012 | 31,805 | 274 | 32,079 |
| Additions | 19,159 | 328 | 19,487 |
| Reclassification to available - for - sale investments | 32 | (32) | - |
| Reclassification to investments in associates | (1,637) | (163) | (1,800) |
| Disposals | (8,659) | (358) | (9,017) |
| Revaluation | (4,400) | 1,272 | (3,128) |
| Balance, April 30, 2013 | 36,300 | 1,321 | 37,621 |
| Additions | 10,063 | 166 | 10,229 |
| Reclassification to available - for - sale investments | 38 | (38) | - |
| Receipt for interest in mineral property | 1,470 | - | 1,470 |
| Disposals | (1,807) | (169) | (1,976) |
| Revaluation | 15,334 | 4,133 | 19,467 |
| Balance, January 31, 2014 | 61,398 | 5,413 | 66,811 |

The Corporation holds investments in other publicly listed and privately owned entities participating predominantly in early stage exploration, resource related and technology 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 entity is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange. The Corporation holds investments in private companies that may become publicly traded in the future pending a public listing. Because there is no readily available market value, the Corporation carries these investments at their original cost until more information becomes available. As at January 31, 2014, the Corporation had investments in privately held companies, most of which are in the early stage of exploration, with a carrying value of \$1,911,000 (excluding Sparkfly which is equity accounted) (April 30, 2013 – \$1,623,000).

The share purchase warrants are considered derivative financial instruments for accounting purposes, and any change in fair value is included in net loss for the period. The fair value of the share purchase warrants is estimated using the Black-Scholes option pricing model, which uses inputs other than quoted market prices to determine the estimated fair market value.

The Corporation sold investments at a carrying value of \$134,000 for gross proceeds of \$88,000 and recognized a loss on disposal of \$46,000 during the three months ended January 31, 2014. The Corporation sold investments at a carrying value of \$4,440,000 for gross proceeds of \$3,087,000 and recognized a loss on disposal of \$1,353,000 during the three months ended January 31, 2013.

The Corporation sold investments at a carrying value of \$1,976,000 for gross proceeds of \$652,000 and recognized a loss on disposal of \$1,324,000 during the nine months ended January 31, 2014. The Corporation sold investments at a carrying value of \$8,644,000 for gross proceeds of \$6,919,000 and recognized a loss on disposal of \$1,725,000 during the nine months ended January 31, 2013.



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9. INCOME TAXES

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

| | January 31, | April 30, |
|---|-----------------------|----------------|
| | <u>2014</u> | <u>2013</u> |
| | \$ | \$ |
| Temporary differences related to exploration and evaluation assets | 228 | 142 |
| Tax values of property and equipment and interests in joint ventures in excess of carrying values | (13) | 719 |
| Non capital and net capital loss carryforwards | 2,202 | 1,505 |
| Carrying value of investments in excess of tax values | (10,396) | (8,746) |
| Deferred partnership income | (296) | (541) |
| Deferred and deductible share-based compensation | 1,358 | 806 |
| Other | (18) | (22) |
| | <u>(6,935)</u> | <u>(6,137)</u> |

| | January 31, | April 30, |
|--------------------------|-----------------------|----------------|
| | <u>2014</u> | <u>2013</u> |
| | \$ | \$ |
| Deferred tax liabilities | (9,831) | (8,988) |
| Deferred tax assets | 2,896 | 2,851 |
| | <u>(6,935)</u> | <u>(6,137)</u> |



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10. GENERAL AND ADMINISTRATIVE

| | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|-------------|-------------------|-------------|
| | January 31, | | January 31, | |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | \$ | \$ | \$ | \$ |
| Salaries and benefits | 503 | 385 | 1,590 | 1,241 |
| Professional and consulting fees | 111 | 119 | 1,260 | 541 |
| Office and administrative | 329 | 321 | 768 | 846 |
| Travel and accommodations | 95 | 81 | 279 | 248 |
| | 1,038 | 906 | 3,897 | 2,876 |

11. NET LOSS PER SHARE

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

| | January 31, | | January 31, | |
|------------------------------------|-------------------|-------------|-------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Weighted average number of shares: | | | | |
| Basic | 27,632,754 | 28,528,350 | 27,752,707 | 28,490,397 |
| Diluted | 27,752,707 | 28,528,350 | 27,752,707 | 28,490,397 |



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12. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

| | Three months ended | | Nine months ended | |
|--|--------------------|-------------|-------------------|-------------|
| | January 31, | | January 31, | |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | \$ | | \$ | \$ |
| Stock option expense | 1 | 13 | 22 | 78 |
| Share appreciation rights ("SAR") expense | 1,223 | 653 | 1,384 | 226 |
| Directors' deferred share unit ("DSU") expense | 515 | 196 | 521 | 245 |
| | <u>1,739</u> | <u>862</u> | <u>1,927</u> | <u>549</u> |

Stock Option Plan

The Corporation has a stock option plan under which directors, officers and employees of the Corporation and of its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Corporation at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Corporation. Options granted under the plan generally have a term of five years but may not exceed five years and typically vest over a five-year period or at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policies of the stock exchange(s) on which the Corporation's common shares are then listed.



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12. SHARE-BASED COMPENSATION (CONTINUED)

The following table summarizes information about stock options outstanding and exercisable at January 31, 2014:

| Range | Total Options Outstanding | | | Total Exercisable Options | | |
|-------|-----------------------------|---|---|---------------------------|---|---|
| | Outstanding Options # | Average Remaining Contractual Life | Weighted Average Strike Price \$ | Vested Options # | Average Remaining Contractual Life | Weighted Average Strike Price \$ |
| | | Years | | | Years | |
| 7.00 | 249,500 | 0.7 | 7.00 | 249,500 | 0.7 | 7.00 |
| 10.13 | 10,000 | 1.3 | 10.13 | 8,000 | 1.3 | 10.13 |
| Total | 259,500 | 0.8 | 7.12 | 257,500 | 0.8 | 7.10 |

A summary of the status of the Corporation's stock option plan as of January 31, 2014 and changes during the nine month period then ended is as follows:

| | January 31, <u>2014</u> | | April 30, <u>2013</u> | |
|--------------------------------|----------------------------|---|--------------------------|---|
| | Number of Options | Weighted Average Exercise Price \$ | Number of Options | Weighted Average Exercise Price \$ |
| Outstanding, beginning of year | 518,500 | 6.45 | 728,500 | 11.18 |
| Exercised | (256,500) | 5.77 | (35,000) | 5.74 |
| Expired | (2,500) | 5.60 | (175,000) | 26.29 |
| Outstanding, end of period | 259,500 | 7.12 | 518,500 | 6.45 |
| Exercisable, end of period | 257,500 | 7.10 | 455,500 | 6.34 |



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12. SHARE-BASED COMPENSATION (CONTINUED)

A summary of the status of the Corporation's share appreciation rights as of January 31, 2014 and changes during the nine months then ended is as follows:

| | Number of SARs | Reference Price |
|---------------------------|----------------|-----------------|
| Balance, April 30, 2013 | 700,000 | 11 |
| Balance, January 31, 2014 | 700,000 | 11 |

A summary of the status of the Corporation's deferred share units as of January 31, 2014 and changes during the nine months then ended is as follows:

| | Number of DSUs |
|----------------------------------|----------------|
| Balance, April 30, 2012 | 43,052 |
| Awarded | 23,450 |
| Balance, April 30, 2013 | 66,502 |
| Awarded | 20,390 |
| Balance, January 31, 2014 | 86,892 |

Other Liabilities

Other liabilities consist of the following:

| | January 31, 2014 | April 30, 2013 |
|------|---------------------|-------------------|
| | \$ | \$ |
| DSUs | 1,235 | 714 |
| SARs | 2,073 | 690 |
| | 3,308 | 1,404 |

Other liabilities include a short term balance of \$1,319,000.



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13. SUPPLEMENTAL CASH FLOW INFORMATION

| | Nine months ended | |
|---|--------------------------|--------------------|
| | January 31, | |
| | <u>2014</u> | <u>2013</u> |
| | \$ | \$ |
| Changes in non-cash operating working capital: | | |
| Accounts receivable and prepaid expenses | 214 | (311) |
| Accounts payable and accrued liabilities | 108 | (369) |
| | 322 | (680) |
| | | |
| | <u>2014</u> | <u>2013</u> |
| | \$ | \$ |
| Cash and cash equivalents consist of: | | |
| Deposits with banks | 7,154 | 11,590 |
| Short-term investments | 21,707 | 27,308 |
| | 28,861 | 38,898 |



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14. RELATED PARTY TRANSACTIONS

| | Three months ended January 31, | | Nine months ended January 31, | |
|--|-----------------------------------|-------------|----------------------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | \$ | \$ | \$ | \$ |
| Legal services received from a law firm, one of the partners of which is a director of the Corporation and reflected as: | | | | |
| General and administrative expenses | 69 | 40 | 128 | 67 |
| | 69 | 40 | 128 | 67 |

During the nine months ended January 31, 2014, the Corporation billed Mining Equity (a joint venture investment – see Note 6) for the reimbursement of exploration and consulting assistance totaling \$99,000 (2012-\$nil).

During the nine months ended January 31, 2014, the Corporation's subsidiary, 2260761, paid dividends of \$206,000 (2013 - \$184,000) to the non-controlling interest of 2260761, Cranberry Capital Inc.

Compensation for key management personnel and directors is as follows:

| | Three months ended January 31, | | Nine months ended January 31, | |
|--------------------------|-----------------------------------|-------------|----------------------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | \$ | \$ | \$ | \$ |
| Salaries and benefits | 302 | 245 | 842 | 837 |
| Share-based compensation | 1,223 | 8 | 1,405 | 56 |
| | 1,525 | 253 | 2,247 | 893 |

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.



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15. SEGMENTED INFORMATION

The Corporation operates two reportable segments of exploration and investments/royalty acquisition. Corporate operating costs are not allocated to the segments and are presented separately. Intersegment transactions are not significant and are eliminated upon consolidation. These segments reflect the legal and internal reporting structure of the Corporation. The Corporation's key decision makers assess performance and make resource allocation decisions based on unaudited condensed consolidated net earnings (loss) before taxes and non-controlling interest.

Three months ended January 31, 2014

| | <u>Royalty and</u> <u>Investment</u> | <u>Exploration</u> | <u>Corporate</u> | <u>Total</u> |
|---|---|--------------------|------------------|--------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Interest and investment | 515 | 1 | 7 | 523 |
| Other | - | 1,481 | - | 1,481 |
| | <u>515</u> | <u>1,482</u> | <u>7</u> | <u>2,004</u> |
| Expenses | | | | |
| General and administrative | 114 | 478 | 446 | 1,038 |
| Generative exploration | - | 85 | - | 85 |
| Amortization | - | 17 | - | 17 |
| Share-based compensation | - | - | 1,739 | 1,739 |
| | <u>114</u> | <u>580</u> | <u>2,185</u> | <u>2,879</u> |
| Loss on disposal of investments | (46) | - | - | (46) |
| Unrealized gain on disposal on fair value adjustment of derivatives | 111 | 1,417 | - | 1,528 |
| Dilution gain on issuance of shares by associates | 229 | - | - | 229 |
| Earnings (loss) from joint ventures | 277 | (199) | - | 78 |
| Share of loss in associates | (1,078) | - | - | (1,078) |
| (Loss) earnings before income taxes | <u>(106)</u> | <u>2,120</u> | <u>(2,178)</u> | <u>(164)</u> |
| Income tax expense (recovery) | | | | |
| Current | 112 | - | (126) | (14) |
| Deferred | (15) | 265 | (534) | (284) |
| | <u>97</u> | <u>265</u> | <u>(660)</u> | <u>(298)</u> |
| Net (loss) earnings | <u>(203)</u> | <u>1,855</u> | <u>(1,518)</u> | <u>134</u> |



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15. SEGMENTED INFORMATION (CONTINUED)

Three months ended January 31, 2013

| | <u>Royalty and</u> | | | |
|---|--------------------|--------------------|------------------|--------------|
| | <u>Investment</u> | <u>Exploration</u> | <u>Corporate</u> | <u>Total</u> |
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Interest and investment | 446 | 6 | 14 | 466 |
| Other | 1 | 99 | 6 | 106 |
| | 447 | 105 | 20 | 572 |
| Expenses | | | | |
| General and administrative | 148 | 527 | 231 | 906 |
| Generative exploration | - | 73 | - | 73 |
| Exploration and evaluation assets abandoned or impaired | - | 139 | - | 139 |
| Amortization | - | 19 | - | 19 |
| Share-based compensation | - | - | 862 | 862 |
| | 148 | 758 | 1,093 | 1,999 |
| (Loss) gain on disposal of investments | (1,446) | 93 | - | (1,353) |
| Unrealized loss on disposal on fair value adjustment of derivatives | (90) | - | - | (90) |
| Earnings from joint ventures | 379 | - | - | 379 |
| Share of loss in associates | (1,939) | - | - | (1,939) |
| Loss before income taxes | (2,797) | (560) | (1,073) | (4,430) |
| Income tax expense (recovery) | | | | |
| Current | 159 | - | (64) | 95 |
| Deferred | (345) | (175) | (247) | (767) |
| | (186) | (175) | (311) | (672) |
| Net loss | (2,611) | (385) | (762) | (3,758) |



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15. SEGMENTED INFORMATION (CONTINUED)

Nine months ended January 31, 2014

| | <u>Royalty and</u> <u>Investment</u> | <u>Exploration</u> | <u>Corporate</u> | <u>Total</u> |
|---|---|--------------------|------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Interest and investment | 1,360 | 1 | 15 | 1,376 |
| Other | - | 1,516 | - | 1,516 |
| | 1,360 | 1,517 | 15 | 2,892 |
| Expenses | | | | |
| General and administrative | 331 | 1,481 | 2,085 | 3,897 |
| Generative exploration | - | 576 | - | 576 |
| Exploration and evaluation assets abandoned or impaired | - | 453 | - | 453 |
| Amortization | - | 45 | - | 45 |
| Share-based compensation | - | - | 1,927 | 1,927 |
| | 331 | 2,555 | 4,012 | 6,898 |
| Loss on disposal of investments | (1,324) | - | - | (1,324) |
| Unrealized gain on disposal on fair value adjustment of derivatives | 166 | 3,967 | - | 4,133 |
| Dilution gain on issuance of shares by associates | 348 | - | - | 348 |
| Earnings (loss) from joint ventures | 829 | (264) | - | 565 |
| Share of loss in associates | (2,509) | - | - | (2,509) |
| (Loss) earnings before income taxes | (1,461) | 2,665 | (3,997) | (2,793) |
| Income tax expense (recovery) | | | | |
| Current | 982 | - | (601) | 381 |
| Deferred | (868) | 285 | (662) | (1,245) |
| | 114 | 285 | (1,263) | (864) |
| Net (loss) earnings | (1,575) | 2,380 | (2,734) | (1,929) |



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15. SEGMENTED INFORMATION (CONTINUED)

Nine months ended January 31, 2013

| | <u>Royalty and</u> | | | |
|---|--------------------|--------------------|------------------|-----------------|
| | <u>Investment</u> | <u>Exploration</u> | <u>Corporate</u> | <u>Total</u> |
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Interest and investment | 1,732 | 22 | 67 | 1,821 |
| Other | 1 | 208 | 6 | 215 |
| | <u>1,733</u> | <u>230</u> | <u>73</u> | <u>2,036</u> |
| Expenses | | | | |
| General and administrative | 483 | 1,196 | 1,197 | 2,876 |
| Generative exploration | - | 428 | - | 428 |
| Exploration and evaluation assets abandoned or impaired | - | 140 | - | 140 |
| Amortization | - | 56 | - | 56 |
| Share-based compensation | - | - | 549 | 549 |
| | <u>483</u> | <u>1,820</u> | <u>1,746</u> | <u>4,049</u> |
| (Loss) gain on disposal of investments | (1,818) | 93 | - | (1,725) |
| Unrealized gain on disposal on fair value adjustment of derivatives | 94 | - | - | 94 |
| Dilution gain on issuance of shares by associates | 1,738 | - | - | 1,738 |
| Earnings from joint ventures | 983 | - | - | 983 |
| Share of loss in associates | (9,699) | - | - | (9,699) |
| Loss before income taxes | <u>(7,452)</u> | <u>(1,497)</u> | <u>(1,673)</u> | <u>(10,622)</u> |
| Income tax recovery | | | | |
| Current | 1,178 | - | (330) | 848 |
| Deferred | (1,703) | (443) | (135) | (2,281) |
| | <u>(525)</u> | <u>(443)</u> | <u>(465)</u> | <u>(1,433)</u> |
| Net loss | <u>(6,927)</u> | <u>(1,054)</u> | <u>(1,208)</u> | <u>(9,189)</u> |



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15. SEGMENTED INFORMATION (CONTINUED)

Total assets:

| | Royalty and Investment | Exploration | Corporate | Total |
|-------------------------|-----------------------------------|--------------------|------------------|----------------|
| | \$ | \$ | \$ | \$ |
| April 30, 2013 | 263,109 | 7,144 | 2,587 | 272,840 |
| January 31, 2014 | 260,199 | 12,372 | 8,590 | 281,161 |

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the consolidated balance sheet 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; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 – valuation techniques with significant unobservable market inputs.

Fair value of the Corporation's financial assets and financial liabilities was determined as follows:



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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at January 31, 2014:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>TOTAL</u> |
|--|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | |
| Short-term investments in cash equivalents | 21,707 | - | - | 21,707 |
| Marketable securities | 94,517 | - | - | 94,517 |
| Mining and other investments | 59,487 | 5,413 | - | 64,900 |
| TOTAL FINANCIAL ASSETS | 175,711 | 5,413 | - | 181,124 |
| FINANCIAL LIABILITIES | | | | |
| | 1,235 | 2,073 | - | 3,308 |

As at April 30, 2013:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>TOTAL</u> |
|--|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | |
| Short-term investments in cash equivalents | 57,589 | - | - | 57,589 |
| Marketable securities | 77,926 | - | - | 77,926 |
| Mining and other investments | 34,677 | 1,321 | - | 35,998 |
| TOTAL FINANCIAL ASSETS | 170,192 | 1,321 | - | 171,513 |
| FINANCIAL LIABILITIES | | | | |
| | 714 | 690 | - | 1,404 |

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 in the April 30, 2013 annual consolidated financial statements.



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17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11

The transition to IFRS 11 affected the Corporation's previously reported Consolidated Balance Sheets as at April 30, 2013 and the Condensed Consolidated Interim Statements of Loss and Condensed Consolidated Interim Statements of Cash Flow as at and for the nine months ended January 31, 2013. Prior to the adoption of IFRS 11, LNRLP was accounted for using the proportionate consolidation method and is now being accounted for using the equity method.

The Adoption of IFRS 11 had no impact on the Statements of Condensed Consolidated Interim Comprehensive Income and the Condensed Consolidated Interim Statement of Changes in equity.

Impact on Balance Sheet Classifications as at April 30, 2013

| | April 30, 2013 Previously Released | Reclassification | April 30, 2013 Restated |
|--------------------------------------|--|------------------|----------------------------|
| Accounts receivable | 1,362 | (863) | 499 |
| Royalty interest in mineral property | 8,029 | (8,029) | - |
| Interest in joint ventures | - | 8,892 | 8,892 |



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17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11 (CONTINUED)

| | <u>Three months</u> <u>ended January 31,</u> <u>2013 Previously</u> <u>Released</u> | <u>Reclassification</u> | <u>Three months</u> <u>ended January 31,</u> <u>2013 Restated</u> |
|--|--|-------------------------|---|
| | \$ | \$ | \$ |
| Revenue | | | |
| Royalty | 794 | (794) | - |
| Interest and investment | 466 | - | 466 |
| Other | 106 | - | 106 |
| | <u>1,366</u> | <u>(794)</u> | <u>572</u> |
| Expenses | | | |
| General and administrative | 911 | (5) | 906 |
| Generative exploration | 73 | - | 73 |
| Exploration and evaluation assets abandoned or impaired | 139 | - | 139 |
| Amortization | 270 | (251) | 19 |
| Share-based compensation | 862 | - | 862 |
| Royalty tax | 159 | (159) | - |
| | <u>2,414</u> | <u>(415)</u> | <u>1,999</u> |
| Loss on disposal of investments | (1,353) | - | (1,353) |
| Unrealized loss on fair value adjustment of derivatives | (90) | - | (90) |
| Earnings from joint ventures | - | 379 | 379 |
| Share of loss in associates | (1,939) | - | (1,939) |
| Loss before income taxes | <u>(4,430)</u> | <u>-</u> | <u>(4,430)</u> |
| Income tax (recovery) expense | | | |
| Current | 95 | - | 95 |
| Deferred | (767) | - | (767) |
| | <u>(672)</u> | <u>-</u> | <u>(672)</u> |
| Net loss | <u>(3,758)</u> | <u>-</u> | <u>(3,758)</u> |



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17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11 (CONTINUED)

Impact on Statement of Earnings (Loss)

| | <u>Nine months</u> <u>ended January 31,</u> <u>2013 Previously</u> <u>Released</u> | <u>Reclassification</u> | <u>Nine months</u> <u>ended January 31,</u> <u>2013 Restated</u> |
|--|---|-------------------------|--|
| | \$ | \$ | \$ |
| Revenue | | | |
| Royalty | 2,245 | (2,245) | - |
| Interest and investment | 1,821 | - | 1,821 |
| Other | 215 | - | 215 |
| | 4,281 | (2,245) | 2,036 |
| Expenses | | | |
| General and administrative | 2,889 | (13) | 2,876 |
| Generative exploration | 428 | - | 428 |
| Exploration and evaluation assets abandoned or impaired | 140 | - | 140 |
| Amortization | 856 | (800) | 56 |
| Share-based compensation | 549 | - | 549 |
| Royalty tax | 449 | (449) | - |
| | 5,311 | (1,262) | 4,049 |
| Loss on disposal of investments | (1,725) | - | (1,725) |
| Unrealized gain on fair value adjustment of derivatives | 94 | - | 94 |
| Dilution gain on issuance of shares by associate | 1,738 | - | 1,738 |
| Earnings from joint ventures | - | 983 | 983 |
| Share of loss in associates | (9,699) | - | (9,699) |
| Loss before income taxes | (10,622) | - | (10,622) |
| Income tax (recovery) expense | | | |
| Current | 848 | - | 848 |
| Deferred | (2,281) | - | (2,281) |
| | (1,433) | - | (1,433) |
| Net loss | (9,189) | - | (9,189) |



ALTIUS MINERALS CORPORATION

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

17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11 (CONTINUED)

Impact on Statement of Cash Flows

| | <u>Nine months ended</u> <u>January 31, 2013</u> | | <u>Nine months ended</u> <u>January 31, 2013</u> |
|--|---|-------------------------|---|
| | <u>Previously</u> <u>Released</u> | <u>Reclassification</u> | <u>Restated</u> |
| | \$ | \$ | \$ |
| Operating activities | | | |
| Net loss | (9,189) | - | (9,189) |
| Adjustments for: | | | |
| Generative exploration | 428 | - | 428 |
| Exploration and evaluation assets abandoned or impaired | 140 | - | 140 |
| Share-based compensation | 549 | - | 549 |
| Amortization | 856 | (800) | 56 |
| Loss on disposal of investments | 1,725 | - | 1,725 |
| Unrealized gain on fair value adjustment of derivatives | (94) | - | (94) |
| Earnings from joint ventures | - | (983) | (983) |
| Share of loss in associates | 9,699 | - | 9,699 |
| Dilution gain on issuance of shares by associates | (1,738) | - | (1,738) |
| Income tax recovery | (1,433) | - | (1,433) |
| Income taxes received | 5,389 | - | 5,389 |
| | 6,332 | (1,783) | 4,549 |
| Changes in non-cash operating working capital | (410) | (270) | (680) |
| | 5,922 | (2,053) | 3,869 |
| Financing activities | | | |
| Payments from non-controlling interests | 416 | - | 416 |
| Repurchase of common shares | (6,713) | - | (6,713) |
| Proceeds from exercise of stock options | 20 | - | 20 |
| | (6,277) | - | (6,277) |
| Investing activities | | | |
| Proceeds from sale of investments | 6,919 | - | 6,919 |
| Distributions from joint ventures | - | 2,053 | 2,053 |
| Generative exploration | (428) | - | (428) |
| Exploration and evaluation assets, net of recoveries | 75 | - | 75 |
| Increase in marketable securities | (4,402) | - | (4,402) |
| Acquisition of investments | (13,277) | - | (13,277) |
| Acquisition of property and equipment | (8) | - | (8) |
| | (11,121) | 2,053 | (9,068) |
| Net decrease in cash and cash equivalents | (11,476) | - | (11,476) |
| Cash and cash equivalents, beginning of period | 50,374 | - | 50,374 |
| Cash and cash equivalents, end of period | 38,898 | - | 38,898 |



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

18. ACQUISITION OF ROYALTY ASSETS AND CARBON DEVELOPMENT PARTNERSHIP

On December 24, 2013, the Corporation entered into a definitive agreement (the “Arrangement Agreement”) with Sherritt International Corporation (“Sherritt”) to acquire a 52.36% interest in the coal and potash royalty business of Prairie Mines & Royalty Limited (“Prairie Royalties”) and Sherritt’s 50% interest in Carbon Development Partnership (“CDP”). Subsequent to the announcement, the Ontario Teachers’ Pension Plan Board (“OTPPB”) exercised its tagalong right under the CDP partnership agreement that requires Altius to acquire OTTPB’s 50% interest in CDP on the same terms and conditions as those contained in the Arrangement Agreement. The total cash consideration to be paid for 52.36% of Prairie Royalties and 100% of CDP is \$240,897,000 and \$42,000,000, respectively. The ultimate amount to be paid for Prairie Royalties may be less depending on the decision of a third party with respect to a right of refusal provision of a third party for the Genesee royalty component of its portfolio.

Subject to the receipt of regulatory approvals and the right of first refusal by a third party on the Genesee royalty forming part of Prairie Royalties, the acquisition closing is expected to occur by April 30, 2014.

The Corporation has deferred \$3,206,000 for costs related to this acquisition.