ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis
of Financial Conditions and Results of Operations
Three and Nine Months Ended January 31, 2014

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's condensed consolidated interim financial statements for the three and nine months ended January 31, 2014 and related notes. This MD&A has been prepared as of March 12, 2014.

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

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

Description of Business

Altius Minerals Corporation's ("Altius" or the "Corporation") principal business activities are focused on the generation and acquisition of mineral resource projects, royalties, and investments. The Corporation pursues these objectives through two complementary business segments.

1) Exploration-Project Generation and Royalty Creation:
Altius conducts early stage low-cost mineral exploration and prospect generation utilizing a small team of professional geoscientists, prospectors, and consultants that create mineral exploration initiatives through scientific concept development and field work. Concepts of merit are advanced through to mineral rights acquisition and then marketed to prospective partners for the purpose of securing third party financing to advance the projects. The Corporation's project portfolio currently consists of approximately 20 projects covering prospective targets for iron ore, nickel, copper, gold, and platinum-group metals.

The Corporation prefers to create agreements with other companies related to the mineral exploration opportunities it generates, which results in the Corporation carrying minority and non-operating project and/or equity and royalty interests. The Corporation currently has eight active exploration agreements with partners on projects located throughout Newfoundland and Labrador and Quebec. The Corporation has also recently expanded its proven project generation business into Chile.

2) Investment and Royalty Acquisition:
Building upon its success in mineral exploration via prospect generation, the Corporation has segregated the majority of its accumulated profits into a separate business segment with two primary objectives: 1) to seek out royalty-based financing opportunities of top tier development stage assets and/or the acquisition of existing royalty interests under third party ownership on development and production stage mining assets; and 2) to selectively invest in natural resource related companies with a goal of long-term capital appreciation.

The Corporation currently has one producing royalty interest - an effective 0.3% net smelter return royalty ("NSR") in Vale's Voisey's Bay nickel-copper-cobalt mine. The Corporation also holds other significant pre-development stage royalty interests that include: a 3% gross sales royalty ("GSR") on Alderon Iron Ore Corporation's ("Alderon") Kami iron ore project; a 2% GSR on production from Paladin's Central Mineral Belt uranium project, as well as several other earlier stage royalties. Additional information on the status of non-producing royalty interests is available in ***Table 2: Summary of Exploration and Pre-production Stage Royalties*** of this MD&A.

The Corporation's investments in mining and mineral resource related companies include an approximate 25.3% founding equity interest in Alderon and a 72.8% interest in a company it co-founded in 2010, 2260761 Ontario Inc. ("2260761"). 2260761's business plan is to invest in predominantly early stage companies with a goal of long-term capital appreciation. 2260761 is managed independently by Paul van Eeden, who has a successful track record in investment in the minerals industry and has also invested his own funds alongside the Corporation in the venture.

The Corporation has approximately $281,000,000 in total assets and no debt. Current holdings include $123,000,000 in cash and highly liquid marketable securities and several mining and mineral related investments with a current carrying value of $138,000,000.

Operational and Business Overview

The Corporation's net loss attributable to common shareholders for the three months ended January 31, 2014 was $2,000 or $0.00 per share compared to the net loss attributable to common shareholders for the three months ended January 31, 2013 of $3,627,000 or $0.13 per share. This is further discussed in the *Results of Operations* section of this MD&A.

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 Sheritt'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 on the Genesee royalty, the acquisition closing is expected to occur by April 30, 2014.

Prairie Royalties holds the rights to subsurface minerals in respect of a portfolio of coal and potash properties in the Canadian provinces of Alberta and Saskatchewan, including royalties on eleven producing mines. The coal royalties consist of (i) royalty interests in respect of thermal coal produced from the Genesee Mine, the Paintearth Mine, the Sheerness Mine and the Highvale Mine, each of which is located in Alberta, Canada and (ii) a royalty interest in respect of metallurgical coal produced from the Cardinal River Mine in west central Alberta. The potash royalties consist of royalty interests in respect of potash produced from the Rocanville Mine, Cory Mine, Allan Mine, Patience Lake Mine, Esterhazy Mine and Vanscoy Mine.

CDP is a 50-50 Ontario general partnership that is currently held by Sherritt and OTPPB to which the Corporation has offered to purchase for $42 million. CDP holds certain income generating potash royalties and extensive undeveloped resource lands. These lands collectively contain coal projects with more than 7.2 billion tonnes of measured and indicated resources and over 4.7 billion tonnes of inferred resources and 49.0 million tonnes of proven and probable potash reserves and approximately 2.0 billion tonnes of inferred potash resources in Saskatchewan, including at the Rocanville Mine.

The Corporation intends to finance the purchase of Prairie Royalties and CDP using a number of sources that may include current cash, a senior debt facility of up to $80 million, asset and available for sale equity dispositions and new corporate equity.

During and subsequent to the quarter, Alderon made significant progress towards its goal of developing the Kami iron ore deposit located in western Labrador, Canada. Long-lead equipment orders were placed, release from both the Provincial and Federal Environmental Assessment ("EA") process was granted, and a Power Purchase Agreement ("PPA") with a subsidiary of Nalcor energy was executed. Alderon remains focused on securing the remaining necessary capital to fund the proposed Kami mine construction. BNP Paribas has been engaged as lead financial advisor to arrange up to a $1-billion (U.S.) debt financing facility.

Altius holds a 25.3% founding equity interest in Alderon and a 3% Gross Sales Royalty ("GSR") on the Kami project. Alderon's ongoing progress is described in greater detail on their website at http://www.alderonironore.com/.

During the quarter ended January 31, 2014, the Corporation continued generative exploration activities in eastern Canada and Chile with its various alliance and earn in partners. Altius also continued dialogue with the Government of Newfoundland and Labrador regarding its proposal to develop the Julienne Lake Iron Ore Property in alliance with Chinese partners. Further details on the proposal are provided in the Outlook section below.

The Corporation holds a 72.8% interest in 2260761, a company co-founded in 2010 with Mr. Paul van Eeden to invest in early-stage companies with a goal of long-term capital appreciation. The financial results of 2260761 are included in the Corporation's interim condensed consolidated financial statements by virtue of the Corporation's ownership percentage and certain controls over relevant activities.

The total asset values of 2260761 were as follows:

Amounts in thousands of dollars

$	**January 31, 2014**	October 31, 2013	July 31, 2013	April 30, 2013	January 31, 2013
Cash and cash equivalents	**4,344**	5,753	8,051	7,692	9,133
Private and public company investments	**24,117**	20,536	16,923	17,750	20,563
Total	**28,461**	26,289	24,974	25,442	29,696
Total cost base of investment	**33,600**	33,600	33,600	33,600	33,600

2260761 continued to evaluate several new equity investments within the minerals sector during the quarter.

Outlook

The proposed acquisition of a portfolio of 11 producing mineral royalties covering thermal coal, metallurgical coal, and potash resources is expected to provide a diversified, stable and long-term revenue base upon which to grow the Corporation's royalty revenues. The long lives of the assets, stable jurisdictions, and strong counterparties make this a compelling value investment for Altius.

The CDP portfolio, which contains significant defined resources of coal and potash, represent meaningful joint venture and royalty creation opportunities for the Corporation. Altius is currently analyzing the portfolio with a view to advancing various assets to attract new partnerships and create new royalties.

While the expected cash flows from the new royalty portfolio are more than sufficient to service any debt that Altius may assume to close the acquisition, the Corporation intends to explore all avenues to reduce any acquisition debt as soon as reasonably possible. Altius currently holds 32,869,007 shares in Alderon with a current market value of approximately $53 million as well as equity interests in two public royalty companies, Virginia Gold Mines Inc. and Callinan Royalties Corporation with a combined market value of approximately $40 million.

Alderon continued to meet significant development milestones during the quarter, and is in the process of finalizing debt financing for the Kami project. Pending finalization of financing, Alderon expects to commence mine construction in late 2014, with a goal of initial commercial production at 8 million tonnes of iron ore concentrate per annum in late 2015. As noted above, the Corporation holds a 3% GSR on the Kami project, which at the proposed 8 million tonne per annum production level could provide the Corporation with additional gross royalty revenue of approximately $25,000,000 per annum as per BBA's 2013 Feasibility Study of the Kami Iron Ore project

In October 2012, the Government of Newfoundland and Labrador ("GNL") requested expressions of interest ("EOI") regarding development of a designated Exempt Mineral Land ("EML") in the western Labrador iron ore mining district that contains the undeveloped Julienne Lake iron ore deposit. Altius has conducted geophysical work and exploration drilling on its adjacent mineral claims and confirmed the extension of mineralization onto Altius claims. On May 31, 2013, the Corporation and its Chinese partners (the "JL Alliance") submitted a detailed proposal to combine the EML with its surrounding mineral claims and conduct a feasibility study regarding the potential development of the entirety of the deposit as a large scale and long life iron ore mining operation. If the JL Alliance proposal is accepted, Altius will contribute its mineral claims to the JL Alliance in exchange for a royalty interest on the consolidated project as well as a minority equity interest. A decision date for award of the EML has not been announced by GNL but is expected shortly.

The Corporation will continue to maintain its financial and technical discipline by employing its proven 'prospect generation' and royalty creation model of attracting funding partners to its mineral exploration projects, which has resulted in excess of sixty (60) JV-earn-in/sales and strategic alliance agreements since inception.

The Corporation continues its efforts to identify additional mineral properties across the commodity spectrum that will attract new investment from either senior mining companies and/or junior explorers in the form of earn-in agreements and/or alliances. This effort is focused in Canada in the provinces of Newfoundland and Labrador and also in Quebec through alliances with Virginia Mines and others. The Corporation also has an exploration office in Chile via a 49% interest in a joint venture with a private fund, Zeus Capital, and financial support from CORFO (the Chilean Economic Development Agency) for up to $14 million via a non-secured loan.

The Corporation expects royalty receipts from the Voisey's Bay mine to continue at annualized levels of approximately $2,500,000 based on current nickel prices and typical production volumes. Prairies Royalties and CDP (Sherritt acquisition) portfolio, once formally acquired, and depending on the right of first refusal decision on one of the royalties in the portfolio, are expected to produce revenue attributable to the Corporation of approximately $28 million per annum based upon internal forecasts and historical performance.

Exploration expenditures are expected to remain at approximately $2 million per annum consistent with the Corporation's low cost project generation efforts.

Table 1: Summary of Exploration Projects subject to JV/Option/Alliance Agreements

Property	Partner	Agreement type	Status
Julienne Lake – iron ore (Western Labrador)	Undisclosed	Alliance	Adjacent to an EML held by the Province of Newfoundland and Labrador. The Julienne Lake iron deposit on government land has a NI 43-101 compliant resource of 867 Mt at 33.7% iron (Measured + Indicated) and 299 Mt at 34.1% iron (Inferred) (Coates, 2012). Drilling in 2012 by Altius confirmed that the iron ore deposit extends to the northeast and southwest onto the Corporation's mineral claims. In October 2012, the Government of Newfoundland and Labrador requested expressions of interest ("EOI") regarding development of the designated EML. In May 2013 the Corporation, with its partners, submitted a detailed proposal to the Province to develop the EML and the adjacent claims held by the Corporation as one combined, larger open-pit operation. A decision from the Province is expected in the near term.
Labrador West – several iron ore projects (Western Labrador)	Rio Tinto[a]	Earn in (51% to 70%)	Drilling in 2012 resulted in a new iron ore discovery (279 m @ 29.8% Fe); awaiting confirmation of Rio Tinto's next program as part of an ongoing second phase earn-in for a 70% interest.
Natashquan – nickel, copper, PGE (Central Labrador)	Anglo American[a]	Earn-in/JV	Anglo American may earn a 66% project interest by incurring $20 million in exploration expenditures over a five year period. An initial exploration program commenced in 2013 and additional work is planned for early 2014.
Moosehead – gold (Central Newfoundland)	Agnico-Eagle Mines Ltd.	Joint venture (51% Agnico-Eagle)	Seeking a partner to undertake a systematic overburden/stripping and advanced exploration program.

Property	Partner	Agreement type	Status
Rocky Brook – uranium (Western Newfoundland)		Joint venture (73.4% Denison)	In January 2014, Denison Mines terminated the joint venture for this property. No work is planned at this time.
Snelgrove Lake - iron ore (Western Labrador)	Mamba Minerals[a]	Earn-in (100%)	The results of an 814-metre, 8-hole summer drill program targeting hematite iron mineralization was reported in Q2 by Mamba.
Topsails - uranium (Central Newfoundland)		Alliance (50/50)	In January 2014, Denison Mines terminated the alliance for this property. No work is planned at this time.
Trough Iron - iron ore projects (Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation[a]	Earn-in(100%) and 1% to 4% sliding scale GSR	In August 2013, Century announced the results of the 2012 exploration program on the Schefferville West Project, including an airborne magnetic survey totalling 2,454 line km as well as ground gravity survey totaling 2,051 stations, reconnaissance mapping and sampling. A number of DSO targets were outlined. One target area, labelled Red Dragon, returned encouraging high grade DSO type mineralization in drill holes (15m at 59.62% total iron and 45m at 54.33% FeT, including 15m at 65.82% FeT). A follow up trenching and drilling program was completed in December 2013; results pending.
Astray – iron ore (Western Labrador)	Northern Star[a]	Earn-in (100%) and 1% to 4% sliding scale GSR	A summer follow up program of the initial drilling has been conducted with results pending.
Grenville Alliance – Nickel/Copper/PGE (Quebec North Shore and southern Labrador)	Virginia Mines Inc.	Alliance (50/50)	Several targets were evaluated in 2013 with till and stream sediment sampling and prospecting, and follow-up work was completed on priority targets from 2012. The alliance partners are planning a 2014 campaign but are actively seeking partners for more advanced target testing.

Property	Partner	Agreement type	Status
Fosse - Gold (Labrador Trough, Quebec)	Virginia Mines Inc.[a]	Alliance (50/50)	A regional target generation program including prospecting and geochemical surveying for gold; program undertaken summer 2013; data and interpretation pending. In Q3 the alliance partners announced the acquisition of the Kan property; Altius' contributed $75,000 for its 50% interest.

[a] *indicates operator*

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

Property	Explorer/Developer	Royalty	Status
Kami - iron ore (Western Labrador)	Alderon Iron Ore Corp [a]	3% GSR	Feasibility Study released January 2013 - $3.2B net present value and 29.3% IRR. Hebei has completed its initial strategic investment in the Kami iron ore project for an aggregate amount of C$182.2 million. Financing plan, detailed engineering, procurement of long-lead items and infrastructure agreements for rail and power are underway. Release from provincial EA granted on January 10, 2014 and a positive decision regarding federal EA was granted on February 18, 2014. A third transmission line was also recently announced by the Province which ensures power supply and on February 25, 2014, a Power Purchase Agreement was concluded with Nalcor.
Natashquan – nickel, copper, PGE (Central Labrador)	Anglo American	1% NSR	See Table 1
Central Mineral Belt – uranium (Central Labrador)	Paladin Energy Limited	2% GSR	Contained NI-43-101 U_3O_8 resource: 83.8 M lbs Measured and Indicated, and 53.0 million pounds Inferred. Operator completed a 14,000 metre ore delineation drill program in 2012 and completed further definition drilling in 2013.

Property	Explorer/Developer	Royalty	Status
Labrador West - iron ore (Western Labrador)	Rio Tinto Exploration Inc.	3% GSR	See Table 1
Topsails - uranium (Central Newfoundland)		2% GSR uranium; 2% NSR other	See Table 1
Snelgrove Lake - iron ore (Western Labrador)	Mamba Minerals	Earn-in (100%) and 3% GSR	See Table 1
Trough Iron - iron ore projects (Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation	Earn-in (100%) and 1% to 4% sliding scale GSR	See Table 1
Astray - iron ore (Western Labrador)	Northern Star Minerals	1% to 4% sliding scale GSR	See Table 1
Viking – gold (Western Newfoundland)	Spruce Ridge Resources Limited	2-4% sliding scale NSR	NI 43-101 Indicated & Inferred resource total of 147,000 ounces of gold.
Various Copper-gold-molybdenum targets (Alaska)	Millrock and various partners	2% NSR on gold; 1% NSR on base metals	Partner- funded drilling programs and Millrock funded early stage exploration on 4 properties subject to a royalty.

[a] *indicates operator*

Results of Operations

Analysis of Results of Operations for the three months ended January 31, 2014 compared with the three months ended January 31, 2013

On May 1, 2013, the Corporation adopted IFRS 11 (Joint Arrangements). Prior to the adoption of IFRS 11, the Corporation proportionately consolidated its interest in the Labrador Nickel Royalty Limited Partnership by recording its proportionate share of the royalty revenue, amortization expense, and mining tax expense of the partnership. Effective May 1, 2013, the Corporation began recording its share of the Labrador Nickel Royalty Limited Partnership earnings on a net basis under the equity accounting method as a result of the assessment under IFRS 11. The prior period comparative statement of earnings, statement of cash flow, and the

April 30, 2013 balance sheet have also been restated in accordance with IFRS 11. Additional information on comparative periods and the impact of the restatement is included in Note 17 to the interim condensed consolidated financial statements.

The Corporation recorded a net loss attributable to common shareholders of $2,000 for the three months ended January 31, 2014 compared to a net loss attributable to common shareholders of $3,627,000 for the three months ended January 31, 2013.

The Corporation recognized total revenue of $2,004,000 for the three months ended January 31, 2014 compared to $572,000 for the same period last year. Interest income of $523,000 was recognized in the three months ended January 31, 2014 compared to $466,000 for the three months ended January 31, 2013. This increase was caused by slightly higher yields on corporate and government guaranteed investments.

Other income of $1,481,000 was recognized in the three months ended January 31, 2014 compared to $106,000 for the three months ended January 31, 2013. This increase was caused primarily by the receipt of 3,000,000 shares from Century Iron Mines Corporation ("Century") as part of the royalty/earn in agreement signed in September 2011.

General and administrative expenses for the three months ended January 31, 2014 were $1,038,000 compared to $906,000 for the same period last year. The increase was primarily the result of increased salary costs of $118,000 related to increased administrative exploration work and increased office and other related costs of $14,000.

Exploration and evaluation assets abandoned or impaired was $nil for the three months ended January 31, 2014 compared to $139,000 in the same period last year. Generative exploration ("Genex") for the three months ended January 31, 2014 was $85,000 compared to $73,000 in the same period last year. These activities included early stage evaluation of properties not yet acquired.

Share-based compensation for the three months ended January 31, 2014 was $1,739,000 compared to $862,000 for the same period last year. The SARs and DSUs obligation and expense are recalculated quarterly with the share price being a significant factor in the calculation.

Amortization for the three months ended January 31, 2014 was $17,000 which is in line with $19,000 for the same period last year.

The Corporation recorded a loss on the sale of investments of $46,000 for the three months ended January 31, 2014 compared to a loss of $1,353,000 recorded for the same period in the prior year. These disposals were primarily related to sale of various investments held in 2260761.

An unrealized gain on the fair value adjustment of warrants of $1,528,000 was recorded for the three months ended January 31, 2014 compared to a loss of $90,000 for the same period last year. The warrants are revalued quarterly using a Black–Scholes calculation to determine the estimated market value, including such factors as share price, time to expiry and volatility of the underlying stock.

The Corporation recorded a dilution gain of $229,000 for the three months ended January 31, 2014 compared to a $nil for the same period last year. The dilution gain in the current year was related to financing completed by Sparkfly Inc. (“Sparkfly”).

The Corporation recorded earnings from joint ventures of $78,000 compared to $379,000 for the same period last year as a result of lower volumes of concentrate shipments as well as lower realized nickel and copper prices. Earnings were generated from the Corporation’s interest in the Labrador Nickel Royalty Limited Partnership of $278,000 (2013 - $379,000) which was previously recorded on a gross basis using proportionate consolidation and is offset by a loss of $200,000 (2013- $nil) recorded from the Corporation’s investment in Mining Equity.

The share of loss in associates was $1,078,000 for the three months ended January 31, 2014 compared to $1,939,000 for the same period last year. The Corporation holds a 25.3% equity interest in Alderon and recorded $893,000 for its proportionate share of Alderon’s net loss for the three months ended January 31, 2014 (2013 - $1,387,000).

The Corporation recorded an income tax recovery of $298,000 for the three months ended January 31, 2014 compared to an income tax recovery of $672,000 for the same period last year. Rates are lower than the statutory rates because of the mix of operating and capital earnings.

Analysis of Results of Operations for the nine month period ending January 31, 2014 compared with the nine month period ending January 31, 2013

The Corporation recorded a net loss attributable to common shareholders of $2,025,000 for the nine months ended January 31, 2014 compared to a net loss of $9,369,000 for the nine months ended January 31, 2013. The decrease in net loss from the prior nine month period resulted primarily from lower share of loss in associates and other investment adjustments.

The Corporation recognized total revenue of $2,892,000 for the nine months ended January 31, 2014 compared to $2,036,000 for the same period last year. Interest income of $1,376,000 was recognized in the nine months ended January 31, 2014 compared to $1,821,000 for the nine months ended January 31, 2013. This decrease was caused by lower returns and a lower overall cash balance as funds were applied to other initiatives.

Other income of $1,516,000 was recognized in the nine months ended January 31, 2014 compared to $215,000 for the nine months ended January 31, 2013. This increase was caused primarily by the receipt of 3,000,000 shares from Century as part of the royalty/earn in agreement signed in September 2011.

General and administrative expenses for the nine month period ended January 31, 2014 were $3,897,000 compared to $2,876,000 for the same period last year. The increase was primarily the result of higher corporate development and professional fees of $719,000, increased corporate development travel related costs of $31,000 and increased salary costs of $350,000 related to one-time payments offset by decreased office and other related costs of $79,000.

Exploration and evaluation assets abandoned or impaired was $453,000 for the nine months ended January 31, 2014 compared to $140,000 in the same period last year. Generative exploration ("Genex") for the nine months ended January 31, 2014 was $576,000 compared to $428,000 in the same period last year. These activities included early stage evaluation of properties not yet acquired.

Share-based compensation for the nine months ended January 31, 2014 was $1,927,000 compared to $549,000 for the same period last year. The SARs and DSUs obligation and expense are recalculated quarterly with the share price being a significant factor in the calculation.

Amortization for the nine months ended January 31, 2014 was $45,000 which is in line with $56,000 for the same period last year.

The Corporation recorded a loss on the sale of investments of $1,324,000 for the nine months ended January 31, 2014 compared to a loss of $1,725,000 recorded for the same period in the prior year. These disposals were primarily related to sale of various investments held in 2260761. A gain on derivative financial instruments of $4,133,000 was recorded for the nine months ended January 31, 2014 compared to a gain of $94,000 for the nine months ended January 31, 2013. The warrants are revalued quarterly using a Black–Scholes calculation to determine the estimated market value, including such factors as share price, time to expiry and volatility of the underlying stock.

The Corporation recorded a dilution gain of $348,000 for the nine months ended January 31, 2014 compared to a dilution gain of $1,738,000 for the same period last year. The dilution gain in the current year was related to financing completed by Sparkfly of which the Corporation invested $210,000. The dilution gain recorded in the prior year was related to Alderon's financing arrangements with strategic partners Hebei and Liberty Metals and Mining.

The Corporation recorded earnings from joint ventures of $565,000 compared to $983,000 for the same period last year as a result of lower volumes of concentrate shipments as well as lower realized nickel and copper prices. Earnings were generated from the Corporation's interest in the Labrador Nickel Royalty Limited Partnership of $830,000 (2013 - $983,000) which was previously recorded on a gross basis using proportionate consolidation and is offset by a loss of $265,000 (2013- $nil) recorded from the Corporation's investment in Mining Equity.

The share of loss in associates was $2,509,000 for the nine months ended January 31, 2014 compared to $9,699,000 for the same period last year. The Corporation holds an approximate 25.3% equity interest in Alderon and recorded $1,847,000 for its proportionate share of Alderon's net loss for the nine months ended January 31, 2014 (2013 - $8,794,000).

The Corporation recorded an income tax recovery of $864,000 for the nine months ended January 31, 2014 compared to an income tax recovery of $1,433,000 for the same period last year. Rates are lower than the statutory rates because of the mix of operating and capital earnings.

Cash Flows, Liquidity and Capital Resources

Operating Activities

The Corporation used cash from operating activities of $2,643,000 for the nine months ended January 31, 2014 compared to a cash receipt of $3,869,000 for the same period last year. The change from the prior period was primarily due to the net payment of corporate income taxes of $490,000 in the current year compared to a net receipt of corporate income taxes of $5,389,000 in the same period last year.

Financing Activities

The Corporation used cash from financing activities of $5,919,000 for the nine months ended January 31, 2014 compared to a use of $6,277,000 for the nine months ended January 31, 2013. The Corporation repurchased 559,500 common shares under its normal course issuer bid during the current nine months at a total cost of $5,957,000 (2013 – 629,728 shares at a total cost of $6,713,000).

The Corporation's subsidiary paid $206,000 (2013 - $184,000) in dividends to Cranberry Capital Inc., a non-controlling interest of 2260761 during the period compared to a receipt of net proceeds of $416,000 during the prior year which included an additional investment in 2260761 of $600,000. The dividend is payable on class A shares held by the non-controlling interest at a rate of 1% per annum of 2260761's calculated net asset value. The dividend is payable on class A shares held by the non-controlling interest at a rate of 1% per annum of 2260761's calculated net asset value.

The Corporation received proceeds from the exercise of employee stock options of $244,000 for the nine months ended January 31, 2014 compared to $20,000 for the same period in the prior year.

Investing Activities

The Corporation used cash from investing activities of $30,383,000 for the nine months ended January 31, 2014 compared to a use of $9,068,000 for the same period last year.

A portion of the investment activities in the current period included the reallocation from cash to marketable securities totaling $16,591,000. The Corporation classifies investments as marketable securities if the maturity date at the time of purchase is greater than 3 months and less than twelve months. All investments are comprised of highly liquid government guaranteed and investment grade commercial paper and are denominated in Canadian dollars.

The Corporation also used cash of $11,189,000 for the acquisition of investments and warrants for the nine months ended January 31, 2014 compared to $13,277,000 in the same period last year. The Corporation also received $652,000 in proceeds from the sale of investments compared to $6,919,000 in the same period last year.

The Corporation received proceeds from the Labrador Nickel Royalty Limited Partnership of $1,854,000 for the nine months ended January 31, 2014 compared to $2,053,000 for the nine months ended January 31, 2013. This payment represents 10% of the net smelter return proceeds received on the Voisey's Bay royalty.

The Corporation also used cash of $3,206,000 on acquisition costs related to the recently announced acquisition of royalty assets and carbon development partnership for the nine months ended January 31, 2014 compared to $nil in the same period last year.

In addition, the Corporation used $574,000 (2013 - recovery of $75,000) in net mineral exploration expenditures for the nine months ended January 31, 2014. The prior year's activity included a recovery from CIP of exploration costs incurred in a previous period totaling $325,000 for the Snelgrove Lake project. The Corporation also incurred $576,000 (2013 - $428,000) in generative exploration expenditures for the nine months ended January 31, 2014. Mineral exploration activities are described in greater detail in the ***Mineral Exploration Projects Overview*** section of this MD&A.

Liquidity

At January 31, 2014, the Corporation had current assets of $124,776,000 and current liabilities of $3,372,000 for net working capital of $121,404,000, which is sufficient to meet its current requirements for operating and investing activities. The Corporation holds its cash in short-term and medium-term interest bearing Canadian government guaranteed and investment grade corporate instruments and does not anticipate any liquidity issues.

The Corporation's major sources of funding are from sales of direct and indirect exploration investments, royalty revenue and interest income. In addition, the Corporation partially funds exploration expenditures via third party agreements such as earn-in agreements or joint venture arrangements whereby exploration expenditures are cost-shared or funded by third parties in exchange for a partial ownership interest in the mineral rights to the properties. Given that the current cash level is significantly more than that required for the continuing mineral exploration operations of the Corporation, management will use a portion of this cash as well as a senior debt facility of $80 million and a subordinate debenture of $50 million to finance the proposed acquisition of a 52.36% interest in Prairie Royalties and a 100% interest in CDP as discussed in the *Operational and Business Overview* and *Outlook* sections of this MD&A.

Commitments and Contractual Obligations

The Corporation has obtained mineral exploration licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the properties in good standing and for refund of security deposits. If the required assessment expenditures are not met on or before the anniversary date of license issuance, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or electing to allow title of the license to be cancelled. The Corporation is required to spend $263,000 by January 31, 2015 in order to maintain all licenses in good standing, of which exploration partners have agreed to spend approximately $195,000. The Corporation has spent in excess of the required exploration expenditures for the next twelve months on certain properties and expects to receive a refund of the total of security deposits in the amount of $27,000.

Related Party Transactions

Chairman of the Board and Director John Baker is a Partner of the legal firm McInnes Cooper. This firm provided legal services to the Corporation in the amount of $128,000 for the nine months ended January 31, 2014 (2013 – $67,000).

The Corporation has a 49% interest in Mining Equity, a private Chilean entity established to perform regional early stage exploration and prospect generation in Chile. This investment is accounted for as a joint venture in Note 6 of the unaudited condensed consolidated interim financial statements. During the nine months ended January 31, 2014, the Corporation billed Mining Equity for the reimbursement of exploration and consulting assistance totaling $99,000 (2013 - $nil).

During the nine months ended January 31, 2014, the Corporation's subsidiary, 2260761, paid dividends of $206,000 (2013 - $184,000) to its non-controlling interest, Cranberry Capital Inc., which is owned by Paul van Eeden, the President of 2260761.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consists of members of the Corporation's Board of Directors and corporate officers, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as well as any Vice Presidents reporting directly to a Corporate officer.

Total salaries and benefits paid to key management personnel during the nine months ended January 31, 2014 was $842,000 (2012 - $837,000). Total share based compensation relating to key management personnel during the nine months ended January 31, 2014 was $1,405,000 (2012 – $56,000).

These related party transactions are in the normal course of operations and are measured at fair value, which is the amount of consideration established and agreed to by the related parties. It is management's estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

Summary of Quarterly Financial Information

The table below outlines selected financial information related to the Corporation's revenue, net earnings (loss) and net earnings (loss) per share for the most recent eight quarters. The financial information is extracted from the Corporation's interim condensed and audited financial statements.

$	January 31, 2014	October 31, 2013	July 31, 2013	April 30, 2013
Revenue	2,004	632	256	693
Net loss attributable to common shareholders	(2)	(731)	(1,292)	(3,970)
Net loss per share				
- basic	-	(0.03)	(0.05)	(0.14)
- diluted	-	(0.03)	(0.05)	(0.14)

$	January 31, 2013	October 31, 2012	July 31, 2012	April 30, 2012
Revenue	572	683	763	341
Net loss attributable to common shareholders	(3,627)	(2,885)	(2,857)	(2,616)
Net loss per share				
- basic	(0.13)	(0.10)	(0.10)	(0.09)
- diluted	(0.13)	(0.10)	(0.10)	(0.09)

Note: Revenue figures prior to January 31, 2014 have been restated to reflect the change from proportionate consolidation to equity accounting of the Labrador Nickel Royalty Limited Partnership. See the discussion on IFRS 11 above.

The Corporation does not experience significant seasonality in operations. Earnings are derived primarily from investment income and from the producing Labrador Nickel Royalty Limited Partnership, which is contingent upon commodity prices, mine production levels, and the timing of concentrate shipments. Revenue declined slightly in the current quarter because of lower expected yields on certain marketable securities, and lower royalty revenue than in the prior quarter.

Net earnings are affected somewhat by revenue net of operating expenses, but are affected primarily by the realization of gains or losses on the Corporation’s investments and mineral exploration alliances and equity accounting of some investments. Recent losses have been caused primarily by a decline in the fair value of investments and the equity accounting of Alderon, whereby the Corporation records its proportionate share of Alderon’s operating loss.

Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The certifying officers have evaluated the effectiveness of the Corporation’s internal control over financial reporting as of January 31, 2014 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the year ended April 30, 2013, except where new accounting guidance has been adopted.

There has been no change in the Corporation's internal control over financial reporting during the Corporation's nine months ended January 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of January 31, 2014 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings.

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

Critical Accounting Estimates

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

The most significant accounting estimate of the Corporation during the current fiscal period was assessment of the Corporation's investment in Alderon. At the reporting date, the fair value of the Alderon shares was $58,178,000 versus the carrying value of $67,021,000.

Management reviewed the investment in Alderon for impairment indicators, using the same criteria as applied to available for sale investments. Impairment losses are recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In particular, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment. If an investment is considered to be impaired, the value of the investment would be reduced to the estimated fair value with the difference going to profit or loss in the period. The evaluation of whether there were impairment indicators present included consideration of a number of factors including an evaluation of the market, economic and legal environment in which Alderon operates; consideration of whether Alderon was in significant financial difficulty, and considerations relating to the existence of any contractual breaches of Alderon.

Management also considered facts specific to Alderon in determining whether or not an impairment adjustment was warranted. Factors considered included the duration and amount of the decline in the share price of Alderon relative to the carrying value, the implied valuation of the investment based on the recent partnership and off-take agreement between Alderon and Hebei (whereby Hebei purchased 25% of the Kami Project for $119,900,000), and private placements completed by Alderon. Alderon has made significant progress towards its goal of developing the Kami Project. Long-lead equipment orders were placed, release from both the Provincial and Federal Environmental Assessment ("EA") process was granted, and a Power Purchase Agreement ("PPA") with a subsidiary of Nalcor energy was signed. Alderon remains focused on securing the remaining necessary capital to fund the proposed Kami mine construction. BNP Paribas has been engaged as lead financial advisor to arrange up to a $1-billion (U.S.) debt financing facility. The Corporation assessed the current financial position, and evaluated the expected cash flows of Alderon based on the completed Feasibility Study on the Kami Project which was filed on January 15, 2013.

Based on the evaluation of the above-noted factors, management has concluded that there are no impairment indicators in respect of our investment in Alderon.

Risk Factors and Key Success Factors

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

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

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

Issues Affecting Royalty Revenue

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

Exposure to Mineral Price Fluctuations

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

The Ability to Attract Partners for Exploration

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

Debt and Equity Financing

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

Government Regulations

The Corporation's operations are subject to extensive governmental regulations with respect to such matters as environmental protection, health, safety and labour; mining law reform; restrictions on production or export, price controls and tax increases; aboriginal land claims; and expropriation of property in the jurisdictions in which it operates. Compliance with these and other laws and regulations may require the Corporation to make significant capital outlays which may slow its growth by diverting its financial resources. The enactment of new adverse regulations or regulatory requirements or more stringent enforcement of current regulations or regulatory requirements may increase costs, which could have an adverse effect on the

Corporation. The Corporation cannot give assurances that it will be able to adapt to these regulatory developments on a timely or cost effective basis. Violations of these regulations and regulatory requirements could lead to substantial fines, penalties or other sanctions.

Key Employee Attraction and Retention
The Corporation's continued success is highly dependent on the retention of key personnel who possess business and technical expertise and are well versed in the various projects underway and under consideration. The number of persons skilled in the acquisition, exploration and development of natural resource and mining projects is limited and competition for such persons is intense. As the Corporation's business activity grows, additional key financial, administrative and operations personnel as well as additional staff may be required. Although the Corporation believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Corporation is not successful in attracting, training and retaining qualified personnel, the efficiency of operations may be affected. Additionally, should any key person decide to leave, then the success of one or more of the projects underway or under consideration could be at risk.

Although safety and health factors are considered integral to all aspects of the Corporation, mineral exploration is an inherently risky business. In the event of an accident or an unforeseen circumstance, the Corporation has emergency succession plans in place for both the Chair and the CEO of the Corporation as well as for other members of senior management.

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

Financial Instrument Risk

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

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

Credit risk
The Corporation has some credit risk with accounts receivable balances owing from earn-in partners but the amount is not considered significant.

The Corporation's cash, marketable securities, and fixed income securities are distributed among government guaranteed and cash equivalents instruments and investment grade commercial paper. All funds are held in fully segregated accounts and include only Canadian dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.

Foreign currency risk
The Corporation is exposed to foreign currency fluctuations on a portion of its accounts receivable related to royalty revenue, which is denominated and paid in U.S. Dollars. The Corporation does not enter into any derivative contracts to reduce this exposure since the receivable is short-term in nature and the expected receivable amount cannot be predicted reliably.

Liquidity risk
The Corporation believes that on a long-term basis its revenue generating assets and net working capital position will enable it to meet current and future obligations at the current level of activity. This conclusion could change with a significant change in the operations of the Corporation or from other developments.

Other price risk
The value of the Corporation's mining and other investments is exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, company-specific operating performance and the market value of the commodities that the companies may focus on. The Corporation does not utilize any derivative contracts to reduce this exposure.

The Corporation may be unable to sell its entire interest in an investment without having an adverse effect on the fair value of the security due to low trading volumes on some investments. The Corporation does not enter into any derivative contracts to reduce this exposure.

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

Outstanding Share Data

At March 12, 2014, the Corporation had 27,595,821 common shares outstanding and 250,000 stock options outstanding.