ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis
of Financial Conditions and Results of Operations
Year Ended April 30, 2012

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the year ended April 30, 2012 and related notes. This MD&A has been prepared as of June 27, 2012***.**

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 natural resource projects, royalties, and investments. The Corporation pursues this objective through its two complementary business segments.

Exploration and Royalty Creation:
The Corporation conducts early stage low-cost mineral exploration and prospect generation primarily in Eastern Canada. It utilizes a team of approximately 10 professional geologists and prospectors that create mineral exploration initiatives through concept development and field-based research. Concepts of merit are advanced through to mineral rights acquisition and, upon successful early-stage exploration and prospecting, to the target generation stage. The Corporation's project portfolio currently consists of approximately 20 projects covering prospective targets for iron ore, gold, uranium, nickel, and other base metals.

Project level partnerships with a range of global exploration and mining companies are then sought as the means of further project advancement. 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 interests and royalty interests. The Corporation currently has eight active exploration agreements with partners on projects located throughout Newfoundland and Labrador.

Investment and Royalty Acquisition:
Building upon its success in mineral exploration and 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 control on development and production stage mining assets; and 2) the selective investment in natural resource related and early stage 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") Kamistiatusset ("Kami") iron ore project in Western Labrador; a 2% GSR on production from Paladin's Central Mineral Belt uranium project, as well as several 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 33% equity interest in Alderon and a 39.6% interest in Newfoundland and Labrador Refining Corporation ("NLRC"). NLRC's carrying value was reduced to $nil in 2008.

The Corporation also holds 72.8% of a company it co-founded in October 2010, 2260761 Ontario Inc. ("2260761"), to portfolio invest in predominantly early stage exploration and resource related companies with a goal of long term capital appreciation. This company is managed independently by Paul van Eeden, who has a successful mining and investment industry track record and has also invested his own funds alongside the Corporation in the venture.

The Corporation has over $295,000,000 in total assets and no debt. Current holdings include $162,000,000 in cash and highly liquid marketable securities and several mining and mineral related investments with a current carrying value of $112,000,000.

Operational and Business Overview

The Corporation's net loss attributable to common shareholders for the year ended April 30, 2012 was $4,611,000 or $(0.17) per share. The loss was generated primarily as a result of declines in the values of investments and the Corporation's share of loss in associates. Total revenue increased to $11,048,000 during the year ended April 30, 2012 as a result of higher royalty revenue and $4,211,000 in revenue received form earn-in partners during the year.

During the year, Alderon continued progress towards potential development of its 100% owned Kami iron ore project located in the Labrador West mining district. The published resource estimate for the Kami project is 490 million tonnes at 30.0 per cent iron indicated and 598 million tonnes at 30.3 per cent iron inferred. Infill drilling was recently completed to upgrade the resource category in anticipation of the completion of a feasibility study in the second half of 2012. During the year, Alderon also raised gross proceeds of $46,000,000 through two equity financings, which gave it sufficient financial capacity to complete its current exploration program and to progress towards the feasibility stage. Alderon also achieved a key milestone with its recently announced financing/off-take agreement with Hebei Iron and Steel Group Co. Ltd. ("Hebei"), China's largest integrated steel group. Subject to closing conditions, the agreement will see Hebei acquire a 19.9% equity interest in Alderon and a 25% direct Kami project interest at a total cost of $194 million. Hebei will also enter into an offtake agreement to acquire 60% of the first 8 million tonnes of concentrate produced from the mine at near-spot market prices. Heibei will also contribute its share of development costs of the Kami project as a 25% owner and will assist in securing debt on a "best efforts" basis. Alderon intends to use the $194 million in proceeds to continue its development of the Kami project and for general corporate purposes. The Corporation's ownership in Alderon after this transaction will be approximately 25%.

Alderon's progress is described in greater detail on their website at http://www.alderonironore.com/.

Rio Tinto Exploration Canada Limited ("Rio Tinto") earned a 51% interest in certain of the Corporation's Labrador iron ore properties in the Labrador West mining district. Rio Tinto has also indicated that it intends to earn an additional 19% of the projects by incurring an additional $4 million in exploration expenditures over a three year period. The properties are subject to a 3% GSR in favour of the Corporation, 1% of which may be purchased by Rio Tinto for $10 million by the 10th anniversary of the agreement. Rio Tinto also recently advised the Corporation of positive drill hole results from its Goethite Bay prospect which intersected 279 metres of 29.8% iron.

During the year, the Corporation signed a sale and royalty agreement with Century Iron Mines Corporation ("Century") covering four large properties within Altius' regional iron ore portfolio in western Labrador: Astray, Grenville, Menihek and Schefferville. Collectively, these projects cover 1,647 square kilometres of underexplored, prospective iron formation within the Newfoundland and Labrador portion of the Labrador Trough between the established Schefferville and Labrador City/Wabush mining centres. This agreement anticipates $28 million in exploration expenditures by Century to earn 100% of the properties, subject to a 1-4% sliding scale GSR in favour of Altius. The Corporation has received 2,000,000 shares in Century to date in accordance with the agreement. Potential additional share payments are in accordance with agreement anniversaries and resource tonnage milestones being reached.

During the year, the Corporation completed the analysis of the airborne gravity survey of the Snelgrove Lake property, which was conducted to identify high-grade direct shipping ore ("DSO") targets along with larger potential taconite resource. The 10,600 hectare Snelgrove Lake property is located 50 kilometres southeast of the past-producing Schefferville iron ore mining district and is adjacent to the Sawyer Lake deposit held by Labrador Iron Mines Limited. Interpretation of the gravity survey has identified 7 potential DSO targets, 22 potential magnetite (taconite) targets, and 18 mixed grade targets within the project area. Basic iron recoverability tests of select samples from the Snelgrove property were also recently undertaken and results suggest the Snelgrove taconite is similar in recovery to other taconite projects being advanced in the district. The Corporation is in discussions with a potential partner to conduct a drill program on this project during the upcoming exploration season.

The Corporation also holds 1,175 hectares of property surrounding the Julienne Lake iron ore deposit, which reports a historic and non-NI 43-101 compliant resource of 558.8 million tonnes grading 35% iron and was recently the subject of a resource confirmation program (results pending) undertaken by the Province of Newfoundland and Labrador. The property is strategically located 23 km northeast of the Iron Ore Company of Canada's Carol Lake operation. Altius completed a ground gravity and magnetics survey over its Julienne Lake property in late 2011 and a preliminary interpretation suggested that the Corporation's claims cover the potential extensions of the Julienne Lake iron ore deposit. A recently completed 1,268-meter, eight-hole winter drill program at Julienne Lake by Altius has confirmed that iron formation extends onto the Corporation's claim holdings. Drill core is being processed and assay results will be released as they become available.

The Corporation also continued work on the Cliffs nickel-iron alloy exploration alliance. A first pass evaluation of the nickel-iron alloy mineral potential of the 3,441 claims (86,025 hectares) staked throughout the island of Newfoundland was completed in 2011. A total of approximately 700 rock samples, 450 till samples and 450 stream sediment samples were collected. Detailed mineralogical evaluations of these samples are being conducted and are yielding encouraging preliminary results. Planning for the next phase of exploration on priority target areas for the 2012 field season is underway. The Corporation expects to recommend certain areas for further review and evaluation under the alliance agreement.

The Corporation is also actively discussing potential exploration agreements with several industry partners on other wholly owned properties and is evaluating generative exploration opportunities in both existing and new jurisdictions beyond eastern Canada. The Corporation's near term objective is to attract third party funding agreements on these projects while generating new prospects for advancement.

The Corporation currently holds a 72.8% interest in 2260761, a company co-founded 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 consolidated financial statements by virtue of the Corporations ownership percentage. The total asset values of 2260761 were as follows:

Amounts in thousands of dollars

$	**April 30, 2012**	**January 31, 2012**	**October 31, 2011**	**July 31, 2011**	**April 30, 2011**
Cash and marketable securities	**6,303**	9,353	10,668	11,833	13,263
Private and public company investments	**17,580**	17,515	15,551	18,252	18,838
Total	**23,883**	26,868	26,219	30,085	32,101

The value of investments declined during the year in tandem with the broader market performance of mineral resource companies.

Outlook

The Corporation is encouraged by the progress being made by its various partners on Altius' initiated projects in the Labrador West mining district, and in particular that of Alderon. Alderon anticipates completion of a feasibility study in the second half of 2012 which will determine mining viability and potential commercial production at its Kami project. Successful development of the Kami project should result in a significant increase in the value of the Corporation's equity stake in Alderon and potential royalty income from the project.

The Corporation currently has two wholly owned iron ore projects in Labrador West for which it is seeking alliance partners: the Snelgrove Lake and Julienne Lake projects. The Corporation is actively discussing these prospects with groups and anticipates attracting suitable partners to further advance these and other prospects within the portfolio.

Planning is underway for exploration programs on several joint venture and wholly owned projects for the upcoming 2012 field season, including the Cliffs alliance, Topsails alliance and other projects. Partner-funded expenditures are expected to constitute a significant portion of the 2012 exploration budget. The Corporation is also considering expanding its operations to other international jurisdictions and discussions are ongoing with potential partners who are well established in these jurisdictions.

The value of the Corporation's shares in junior mineral exploration companies declined in tandem with general equity markets during the year. The Corporation will continue to monitor investment and royalty acquisition opportunities in hopes of identifying assets that meet its objectives in terms of value and underlying asset quality. Considering the Corporation's strong balance sheet, with over $162 million in cash and highly liquid marketable securities available, it is well positioned to take advantage of such opportunities should they arise.

The Corporation expects royalty revenue from the Voisey's Bay mine to continue at current annualized levels of approximately $3.5 - $4.0 million based on current nickel prices and typical production volumes. Interest revenue is expected to remain low in the near term as a result of continuing low interest rate conditions.

The Corporation will continue to maintain its financial and technical discipline by employing the 'prospect generation' model of attracting funding partners to its projects, which has resulted in over 50 alliance/JV-earn-in/sales agreements and the creation of three special purpose companies ("spin outs") over the Corporation's fifteen year history.

Selected Annual Information

The following data are derived from our consolidated financial statements for the fiscal years ended April 30, 2012, 2011 and 2010 (in thousands, except per share amounts):

	2012	2011	2010 *
	$	$	$
Revenue	11,048	5,601	3,171
Net earnings	(4,921)	70,600	20,963
Net earnings per share			
basic	(0.17)	2.46	0.74
diluted	(0.17)	2.43	0.73
Total assets	295,024	313,819	223,558
Total liabilities	12,829	18,779	7,476
Cash dividends declared & paid to shareholders	Nil	Nil	Nil

* 2010 historical figures are stated in Canadian GAAP

The Corporation receives revenue primarily from investment income and from royalty income from the producing Voisey's Bay mine.

Royalty revenue was lower in 2010 as a result of the 18-month strike at Vale's Canadian operations which was settled in January 2011. Investment and interest income was also negatively affected by lower yields on corporate and government guaranteed investments due to the economic downturn. The settlement of the strike at Vale's Canadian operations and slightly higher yields on corporate and government guaranteed investments contributed to an increase in revenue recorded in April 30, 2011 compared to April 30, 2010. Revenue in 2012 increased by approximately $4,000,000 as a result of the receipt of shares from an earn-in agreement.

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. Net earnings for 2012 were affected by the Corporation's loss in earnings of associates of $6,719,000 and the general decline in the equity markets. Net earnings for 2011 include a pre-tax gain of $84,675,000 as a result of the vending of the Kami iron ore property to Alderon in exchange for a major equity position in the company. Net earnings for 2010 include a pre-tax gain of $28,413,000 on the sale of the Corporation's investment in International Royalty Corporation.

The Corporation's growth in total assets from 2010 to 2012 reflects the growth in cash and investments as a result of the major transactions noted above, partially offset by the recent decline in some investment valuations, and the share of loss of associates. The Corporation's growth in liabilities is primarily related to future income taxes and changes in tandem with the asset values. The Corporation currently has no debt.

Table 1: Summary of Exploration Projects, including wholly-owned projects and those under JV/Option Agreements

Property	Partner	Agreement type	Status
Alexis River – uranium (Southern Labrador)	Kirrin Resources Inc[a]	Earn in	No significant work undertaken in 2011. Earn-in agreement extension granted to July 2013.
Julienne Lake – iron ore (Western Labrador)	-	-	Property is adjacent to the historic iron ore resource held by the Province of Newfoundland and Labrador. Gravity and magnetic survey suggest the extension of iron ore onto the Corporation's claims to the northwest and southeast. Winter drill program confirmed the extensions of the historic deposit to the northeast; assays are pending. Seeking a partner.
Labrador West – several iron ore projects (Western Labrador)	Rio Tinto[a]	Earn in (51% to 70%)	Drilling in 2011 resulted in new iron ore discovery (279m @29.8% Fe); Rio Tinto expected to undertake a 2012 program as part of second phase earn-in for a 70% interest.
Moosehead – gold Central Newfoundland	Agnico-Eagle Mines Ltd.	Joint venture (51% Agnico-Eagle)	Large scale overburden/stripping program under consideration to identify drill targets.
Newfoundland Ferro Alloys - nickel, chromium (Newfoundland)	Cliffs Natural Resources	Strategic Alliance	2011 data assessment and 2012 program planning underway.
Notakwanon – uranium (Northern Labrador)	-	-	Drill-ready project; seeking partner; 2012 program planned to locate additional prospects.
Rocky Brook – uranium (Western Labrador)	JNR Resources Inc[a]	Joint venture (73.4% JNR)	No work planned at present.
Saglek – Iron (Northern Labrador)	Cliffs Natural Resources	Strategic Alliance	2011 field results being assessed; awaiting Labrador Inuit Land Use Plan, which may prohibit further work.

Property	Partner	Agreement type	Status
Snelgrove Lake - iron ore (Western Labrador)	-	-	Airborne gravity survey completed in 2011 to identify DSO drill targets; 7 DSO targets identified and several mixed/ taconite targets identified; in final discussions with a partner to undertake further work.
Topsails – copper-molybdenum (Central Newfoundland)	JNR Resources Inc	Alliance	Trenching program completed in 2011; seeking senior partner.
Trough Iron - iron ore projects (Astray, Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation[a]	Earn-in(100%) and 1% to 4% sliding scale GSR	Ground gravity and airborne EM surveys underway, with follow up ground work planned; Partner-funded $4.3 million program planned for 2012.
Wing Pond – gold (Central Newfoundland)	-	-	Small scale work program being planned for 2012; seeking partner.

[a] *indicates operator*

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

Property	Explorer/Developer	Royalty	Status
Kamistiatusset - iron ore (Western Labrador)	Alderon Iron Ore Corp [a]	3% GSR	Current NI 43-101 Resource: 490 million tonnes at 30.0% iron indicated and 598 million tonnes at 30.3% iron inferred; Infill drilling for resource upgrade purposes completed in Winter 2012; $194 million equity financing and offtake agreement project equity agreement signed with Hebei Steel; Feasibility Study is expected second half of 2012.
Central Mineral Belt – uranium (Central Labrador)	Paladin Energy Limited[a]	3% GSR	The Nunatsiavut government lifted the 3-year moratorium on uranium mining, Operator has restarted exploration with infill and extension drilling planned for this summer.
Labrador West - iron ore (Western Labrador)	Rio Tinto *(formerly Kennecott Canada Exploration Inc)* [a]	3% GSR; 1% buyback	Drilling in Q3 resulted in a new iron ore discovery (279m @29.8% Fe); Rio Tinto indicated that it intends to undertake a 2012 program as part of second phase earn-in for a 70% interest.
Revelation Copper-gold molybdenum-silver (Alaska)	Millrock Resources Ltd. (“Millrock”) [a]	2% NSR on gold; 1% NSR on base metals;	Mapping and sampling completed in 2011; Millrock is seeking a partner to conduct further work.
Estelle Gold (Alaska)	Teck Resources/ Millrock [a] (partial)	2% NSR on gold; 1% NSR on base metals	Further surface work planned for 2012 season.
AUDN Copper-gold molybdenum (Alaska)	Vale [a] / Millrock	2% NSR on gold; 1% NSR on base metals	Surface geochemical sampling and airborne ZTEM-mag planned for 2012.
Topsails - copper-molybdenum (Central Newfoundland)	JNR Resources Inc	2% GSR uranium; 2% NSR other	Trenching program completed in 2011; seeking senior partner.

Property	Explorer/Developer	Royalty	Status
Viking – gold (Western Newfoundland)	Northern Abitibi Mining Corp[a]	2-4% sliding scale NSR	NI 43-101 Indicated & Iinferred resource total of 147,000 ounces of gold; Operator is evaluating alternatives for further development.
Humble - copper-gold-molybdenum (Alaska)	Millrock/ Kinross Gold Corporation [a]	2% NSR on gold; 1% NSR on base metals; (partial)	Kinross to spend US$4 million in exploration by December 31, 2013. Recently completed a 4-hole drill program; results pending.
Saglek – Iron (Northern Labrador)	Cliffs Natural Resources	1% NSR	2011 field results being assessed; awaiting Labrador Inuit Land Use Plan, which may prohibit further work.
Trough Iron - iron ore projects (Astray, Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation[a]	Earn-in(100%) and 1% to 4% sliding scale GSR	Ground gravity and airborne EM surveys underway, with follow up ground work planned; Partner-funded $4.3 million program planned for 2012.
Various Copper-gold-moly targets (Alaska)	Millrock [a]	2% NSR on gold; 1% NSR on base metals	Millrock is conducting further early – stage exploration work on various properties and is seeking partners.

[a] *indicates operator*

Results of Operations

Analysis of Results of Operations for the year ending April 30, 2012 compared with the year ending April 30, 2011

The Corporation recorded a net loss attributable to common shareholders of $4,611,000 for the year ended April 30, 2012 compared to net earnings of $70,313,000 for the year ended April 30, 2011. The net loss in the current year was caused primarily by a higher share of loss in associates of $6,719,000 compared to $2,159,000 in the prior year. The prior year's net earnings resulted primarily from a gain of $84,675,000 recorded on the sale of the Corporation's Kami property to Alderon.

The Corporation recognized total revenue of $11,048,000 for the year ended April 30, 2012 compared to $5,601,000 for the same period last year. Royalty revenue from the Labrador Nickel Royalty Limited Partnership ("LNRLP") was $4,115,000 during the year ended April 30, 2012 compared to $2,872,000 for the same period last year. Increased royalty revenue was the result of higher concentrate shipments in the current year.

Interest income of $2,722,000 was recognized in the year ended April 30, 2012 compared to $2,606,000 for the year ended April 30, 2011. This increase was caused by slightly higher yields on corporate and government guaranteed investments.

Other income of $4,211,000 was recognized in the year ended April 30, 2012 compared to $123,000 for the year ended April 30, 2011. This increase was caused primarily by the receipt of 2,000,000 shares from Century as part of the royalty/earn in agreement signed during the year.

General and administrative expenses for the year ended April 30, 2012 were $3,731,000 compared to $5,473,000 for the prior year. The Corporation incurred decreased salary related expenses of $1,609,000 primarily related to bonus accruals of $1,603,000 recorded in the prior year, lower corporate development and professional fees of $250,000 offset by increased travel and administrative related expenses of $117,000.

Generative exploration ("Genex") expenditures were $402,000 for the year ended April 30, 2012 compared to $713,000 in the prior year. Mineral properties abandoned or impaired was $1,257,000 for the year ended April 30, 2012 compared to $3,621,000 in the prior year. The current year write-down included a reduction in claims on the Topsails project of $633,000 and the Corporation decided not to conduct further work in Nunavut, resulting in a write-down of $402,000. The Corporation wrote down its New Brunswick Oil Shale project by $2,774,000 in the prior year.

Stock-based compensation for the year ended April 30, 2012 was $780,000 compared to $1,269,000 in the prior year. The decrease over last year is caused by lower stock options awards in the current year and is partially offset by the implementation of a share appreciation rights plan and the director's DSU plan.

Royalty tax for the year ended April 30, 2012 was $823,000 compared to $598,000 for the prior year, reflecting the higher royalty revenue recorded in the current year. The mineral rights tax on the Voisey's Bay royalty is 20% of gross royalty revenue.

A gain on disposal of a mineral property of $84,675,000 (2012 - $nil) was recorded for the year ended April 30, 2011 for the sale of the Corporation's Kami property to Alderon in December 2010.

The prior year earnings also included gains on the sale of mining and mineral related investments of $4,987,000 compared to a loss of $1,157,000 in the current period. The prior year gain included $1,451,000 on the sale of the Corporation's interest in Rambler Metals and Mining plc ("Rambler") and the sale of other investments.

An unrealized loss on warrants of $1,894,000 was recorded for the year ended April 30, 2012 compared to a gain of $1,422,000 for the same period last year. This loss in the current year was caused by the general decline in the equity markets.

The Corporation recorded a dilution gain of $596,000 for the year ended April 30, 2012 compared to a dilution loss of $2,520,000 in the prior year. The current year's dilution gain was primarily the result of two equity financings completed by Alderon during the year. The prior year's dilution loss was the result of a private placement completed by Alderon whereby Alderon issued 9.125 million units at $2.20 per unit.

The share of loss in associates was $6,719,000 for the year ended April 30, 2012 compared to $2,159,000 for the prior year. The Corporation holds an approximate 25% equity interest in Alderon and recorded $6,388,000 for its proportionate share of Alderon's net loss for the year ended April 30, 2012 (2011 - $1,999,000) and $331,000 for its proportionate share of Sparkfly's net loss for the year ended April 30, 2012 (2011 - $nil). The Corporation's proportionate share of Rambler's loss of $160,000 was recorded in the prior year (The Corporation sold its interest in Rambler in January 2011).

The Corporation's income tax recovery of $1,486,000 for the year ended April 30, 2012 compared to an expense of $8,829,000 in the prior year. The lower tax expense in the current period reflects the lower earnings, as noted above. The effective tax rate for the year was approximately 23%, which is lower than the expected tax rate of 30% because some items are that are capital in nature are effectively taxed at one-half of the general corporate tax rate.

Analysis of Results of Operations for the three month period ending April 30, 2012 compared with the three month period ending April 30, 2011

The Corporation recorded a net loss attributable to common shareholders of $2,616,000 for the three months ended April 30, 2012 compared to a net loss of $953,000 for the three months ended April 30, 2011. The current quarter's loss included a loss on the disposal of investments of $914,000 compared to a gain of $1,273,000 for the same period in the prior year.

The Corporation recognized total revenue of $1,452,000 for the three months ended April 30, 2012 compared to $1,758,000 for the same period last year. Royalty revenue from the LNRLP was $1,111,000 during the three months ended April 30, 2012 compared to $1,009,000 for the same period last year.

General and administrative expenses for the three month period ended April 30, 2012 were $922,000 compared to $1,287,000 for the prior period. The Corporation incurred decreased salary related expenses of $333,000 primarily related to bonus accruals of $228,000 recorded in the prior year, as well as lower conference and travel related costs of $68,000 partially offset by increased corporate development and professional fees of $23,000 and increased office and administrative costs of $12,000.

Mineral properties abandoned or impaired was $56,000 for the three month period ended April 30, 2012 compared to $738,000 in the same period last year. The prior year's write down consisted primarily of a write-down on the Corporation's Labrador Trough base metal project of $633,000 and other smaller projects.

Stock-based compensation for the three months ended April 30, 2012 was $321,000 compared to $336,000 for the same period last year. The decrease over last year is caused by lower stock options awards in the current year and is partially offset by the implementation of a share appreciation rights plan and the director's DSU plan. Additional information on the share appreciation rights plan and director's DSU plan is included in the notes to interim financial statements.

Amortization for the three months ended April 30, 2012 was $485,000 compared to $312,000 for the same period last year. The Corporation amortizes its royalty interest over the life of the mine on a units of production basis.

Royalty tax for the three months ended April 30, 2012 was $222,000 compared to $202,000 for the prior year. The royalty tax is based on 20% of the gross royalty revenue as previously mentioned.

The Corporation recorded a loss on the sale of investments of $914,000 for the three months ended April 30, 2012 compared to a gain of $1,273,000 recorded for the same period in the prior year. There were no significant disposals in the current year. This loss in the current year was caused by the general decline in the equity markets.

An unrealized loss on the fair value adjustment of warrants of $500,000 was recorded for the three months ended April 30, 2012 compared to a loss of $823,000 for the same period last year. This revaluation adjustment reflects the general decline in the equity markets, as previously noted.

The share of loss in associates was $1,895,000 for the three months ended April 30, 2012 compared to $1,721,000 for the prior year.

The Corporation recorded an income tax recovery of $1,047,000 for the three months ended April 30, 2012 compared to an income tax recovery of $2,164,000 for the same period last year. The effective tax rate is lower than the statutory rate for the reasons previously mentioned.

Cash Flows, Liquidity and Capital Resources

Operating Activities
The Corporation used cash from operating activities of $8,196,000 for the year ended April 30, 2012 compared to a cash inflow of $2,447,000 for the same period last year. The change from the prior year was primarily due to $10,358,000 in income tax payments during the year ended April 30, 2012 compared to an income tax receipt of $2,841,000 in the previous year.

The Corporation used cash from operating activities of $4,300,000 for the three months ended April 30, 2012 compared to a cash outflow of $110,000 for the same period last year. The change from the prior year was primarily due to the payment of $5,022,000 corporate income taxes during the three months ended April 30, 2012 compared to payment of $226,000 in income taxes for the year ended April 30, 2011.

Financing Activities
The Corporation used cash from financing activities of $1,545,000 for the year ended April 30, 2012 compared to a cash inflow of $1,323,000 for the year ended April 30, 2011. The Corporation repurchased 210,933 common shares under its normal course issuer bid during the current year at a total cost of $2,299,000 (2011 - $nil). In addition, the Corporation's subsidiary paid $288,000 (2011 - $76,000) in dividends to a non-controlling interest during the period. 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. Offsetting this decrease, the Corporation received $1,042,000 in proceeds from the exercise of employee stock options for the year ended April 30, 2012 compared to proceeds of $1,399,000 for the same period last year.

The Corporation used cash from financing activities of $66,000 for the three months ended April 30, 2012 compared to a cash inflow of $116,000 for the three months ended April 30, 2011. The Corporation's subsidiary paid $65,000 (2011 - $76,000) in dividends to a non-controlling interest during the period. 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 $192,000 in proceeds (2011 - $nil) from the exercise of employee stock options for the three months ended April 30, 2012.

Investing Activities
The Corporation used cash from investing activities of $4,436,000 for the year ended April 30, 2012 compared to an outflow of cash of $5,289,000 for the same period last year. The Corporation received cash proceeds from the sale of investments and equity investments of $4,857,000 for the year ended April 30, 2012 (2011 - $38,188,000).

A portion of the investment activities in the current year included the reallocation from marketable securities to cash totaling $15,612,000 compared to a reallocation from cash to marketable securities of $12,748,000 in the prior year. The Corporation classifies investments as marketable securities if the maturity date at the time of purchase is greater than 3 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 $19,955,000 for the acquisition of investments and warrants for the year ended April 30, 2012 compared to $15,266,000 in the prior year.

In addition, the Corporation incurred $1,779,000 (2011 - $1,606,000) in net mineral exploration expenditures for the year ended April 30, 2012. The Corporation also incurred $402,000 (2011 - $713,000) in generative exploration expenditures for the year ended April 30, 2012.

The Corporation received cash from investing activities of $5,299,000 for the three months ended April 30, 2012 compared to an inflow of cash of $12,974,000 for the same period last year. The Corporation received cash proceeds from the sale of investments and equity investments of $1,137,000 for the three months ended April 30, 2012 (2011 - $27,563,000).

The Corporation also used cash of $7,714,000 for the acquisition of investments and warrants for the three months ended April 30, 2012 compared to $6,652,000 for the same period in the prior year.

In addition, the Corporation incurred $728,000 (2011 - $55,000) in net mineral exploration expenditures for the three months ended April 30, 2012. Major expenditures in the current quarter included the completion of a winter drill program on the Julienne Lake property.

Liquidity

At April 30, 2012, the Corporation had current assets of $170,363,000 and current liabilities of $2,259,000 for net working capital of $168,104,000, 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 continue to evaluate investment opportunities in the resource based sector.

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 $1,052,000 by April 30, 2013 in order to maintain all licenses in good standing, of which exploration partners have agreed to spend approximately $826,000. Exploration expenditures of $252,000 over the next twelve months are required on certain properties to receive a refund of the total of security deposits in the amount of $282,000.

Contingent Liability

On October 1, 2008 the Corporation was served with a statement of claim issued by BAE-Newplan Group Limited ("BAE"), a wholly-owned subsidiary of SNC-Lavalin Inc., in the Supreme Court of Newfoundland and Labrador. In the statement of claim, BAE claims damages, including punitive and exemplary damages, interest and costs against the Corporation and others in aggregate. In particular, BAE claims $20,594,000, which is also the amount of billing alleged as outstanding from NLRC to BAE for engineering services.

The Corporation believes this claim is without merit and intends to defend the claim vigorously. No provision has been recognized for this claim. The Corporation's defense of the claim is ongoing and a date has not yet been set for the trial of the matter.

Related Party Transactions

Chairman of the Board and Director John Baker is a Partner of the legal firm Ottenheimer and Baker. This firm provided legal services to the Corporation in the amount of $43,000 for the year ended April 30, 2012 (2011 – $35,000).

During the year ended April 30, 2012, the Corporation's subsidiary paid dividends of $288,000 (2011 - $76,000) to a non-controlling interest.

Total salaries and benefits paid to key employees and directors during the year ended April 30, 2012 was $1,087,000 (2011 - $1,115,000).

These related party transactions are in the normal course of operations and are measured at the exchange amount, 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 and audited financial statements and has been adjusted to reflect the Corporation's conversion to International Financial Reporting Standards ("IFRS").

$	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
Revenue	1,452	5,805	1,635	2,156
Net earnings (loss) attributable to common shareholders	(2,616)	2,461	(2,868)	(1,588)
Net earnings (loss) per share				
- basic	(0.09)	0.08	(0.10)	(0.06)
- diluted	(0.09)	0.08	(0.10)	(0.06)

$	April 30, 2011	January 31, 2011	October 31, 2010	July 31, 2010
Revenue	1,758	1,103	1,453	1,287
Net earnings (loss) attributable to common shareholders	(953)	69,212	2,138	(83)
Net earnings (loss) per share				
- basic	(0.03)	2.41	0.07	-
- diluted	(0.03)	2.38	0.07	-

The Corporation does not experience significant seasonality in operations. Revenue is derived primarily from investment income and from the producing Voisey's Bay Royalty, which is contingent upon commodity prices, mine production levels, and the timing of concentrate shipments. The increase in revenue over the previous several quarters was caused primarily by resolution of the labour dispute at the Voisey's Bay nickel-copper-cobalt mine. Interest revenue has also increased because of slightly higher yields on corporate and government guaranteed investments and from growth in the Corporation's investment base. Revenue grew to 5,805,000 for the quarter ended January 31, 2012 as a result of the receipt of shares from an earn-in partner worth approximately $4,000,000.

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. A pre-tax gain of $84,675,000 was recognized in the quarter ended January 31, 2011 as a result of the vending of the Kami iron ore property to Alderon.

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 April 30, 2012 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The 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, 2012.

There has been no change in the Corporation's internal control over financial reporting during the Corporation's year ended April 30, 2012 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 April 30, 2012 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.

New and Future Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

The Corporation adopted IFRS effective May 1, 2011 and has prepared the current financial statements using IFRS Accounting Policies. Prior to the adoption of IFRS, the financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles ("Previous GAAP"). The Corporation's financial statements for the year ending April 30, 2012 are the first annual financial statements that comply with IFRS.

IFRS are premised on a conceptual framework similar to Previous GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption had a small impact on the consolidated balance sheets and statements of comprehensive income.

Under Previous GAAP, share - based payments were expensed on a straight line basis over the period of vesting. Under IFRS, expenses relating to stock options must be recognized on an accelerated basis over the vesting period for each tranche of shares, resulting in acceleration in the timing of stock-based compensation expense (graded vesting). The Corporation has adjusted share based compensation expense in the comparative periods and has adjusted opening retained earnings on the IFRS opening balance sheet to reflect this revised timing of stock option expense.

Under Previous GAAP, the value of SARs to expense in a given period was calculated using the intrinsic value method. The intrinsic value is the amount by which the share price exceeds the reference price of a given instrument multiplied by the number of units outstanding. Under IFRS, the SARs expense to recognize is determined using an option pricing model at each period-end. The Corporation has selected the Black-Scholes method for valuing the SARs under IFRS at each respective period. The Corporation has adjusted share based compensation expense in the comparative periods to reflect this valuation method. There was no impact on the opening IFRS balance sheet because the SARs awards occurred after the opening balance sheet date.

The Corporation has adjusted deferred income tax expense to reflect the changes noted in the items above. In addition, under IFRS, deferred taxes must be classified as long term. The Corporation has reclassified the short-term portion of deferred taxes to long term to reflect the IFRS requirement.

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 other than temporary 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.

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, 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 Voisey's Bay royalty 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 underlying operating company. Various factors, such as commodity price, operating costs, financing costs, labour availability, labour stability, environmental and stakeholder relations or any combination thereof could make an underlying operation unprofitable. Although short-term losses are not expected to affect the decision to keep an operation open, prolonged operating losses could induce the miner operator to close its operations, thereby eliminating such royalty revenue.

Exposure to Mineral Price Fluctuations

Changes in the market price of nickel and to a lesser extent copper and cobalt significantly impact the Corporation's revenue from the Voisey's Bay Royalty. The Corporation's financial results are sensitive to external economic criteria related to the price of nickel. A substantial risk of lower royalty payments arises when there is a prolonged period of lower nickel prices. Many factors beyond the Corporation's control influence the market price of nickel, 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.

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.

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 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 June 27, 2012, the Corporation had 28,760,428 common shares outstanding and 707,000 stock options outstanding.