ALTIUS MINERALS CORPORATION

Consolidated Financial Statements
For the years ended
April 30, 2012 and 2011

ALTIUS MINERALS CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Altius Minerals Corporation

We have audited the accompanying consolidated financial statements of Altius Minerals Corporation which comprise the consolidated balance sheets as at April 30, 2012, April 30, 2011 and May 1, 2010, and the consolidated statements of (loss) earnings, comprehensive (loss) earnings, cash flows and changes in shareholders' equity for the years ended April 30, 2012 and April 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Altius Minerals Corporation as at April 30, 2012, April 30, 2011 and May 1, 2010, and its financial performance and cash flows for the years ended April 30, 2012 and April 30, 2011 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP

Chartered Accountants
June 26, 2012
St. John's, Newfoundland and Labrador

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at

	Note #	**April 30, 2012**	April 30, 2011 (Note 25)	May 1, 2010 (Note 25)
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		**50,374**	64,551	55,492
Marketable securities		**111,640**	124,766	112,018
Accounts receivable and prepaid expenses		**1,548**	1,397	302
Income taxes receivable		**6,801**	-	3,014
		170,363	190,714	170,826
Non-current assets				
Mineral properties and deferred exploration costs	5	**3,238**	3,398	7,588
Royalty interest in mineral property	6	**9,182**	10,366	11,199
Property and equipment	7	**256**	177	165
Investments in associates	8	**79,906**	83,400	3,065
Mining and other investments	9	**32,079**	25,764	30,715
Deferred income taxes	10	**1,539**	1,032	470
		126,200	124,137	53,202
TOTAL ASSETS		**296,563**	314,851	224,028
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**2,259**	2,461	1,290
Income taxes payable		**-**	3,195	-
		2,259	5,656	1,290
Non-current liabilities				
Other liabilities	14	**1,481**	948	-
Deferred income taxes	10	**10,628**	13,207	6,656
		14,368	19,811	7,946
EQUITY				
Shareholders' equity		**280,204**	291,094	216,082
Non-controlling interest		**1,991**	3,946	-
		282,195	295,040	216,082
TOTAL LIABILITIES AND EQUITY		**296,563**	314,851	224,028

Contingent liability (Note 24)

ALTIUS MINERALS CORPORATION

Consolidated Statements of (Loss) Earnings

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

For the years ended April 30,

	Note #	2012	2011 (Note 25)
		$	$
Revenue			
Royalty		**4,115**	2,872
Interest and investment		**2,722**	2,606
Other		**4,211**	123
		11,048	5,601
Expenses			
General and administrative	11	**3,731**	5,473
Amortization		**1,288**	903
Mineral properties abandoned or impaired	5	**1,257**	3,621
Royalty tax		**823**	598
Share-based compensation	14	**780**	1,269
Generative exploration		**402**	713
		8,281	12,577
Earnings (loss) before the following		**2,767**	(6,976)
(Loss) gain on disposal of investments	8 & 9	**(1,157)**	4,987
Gain on disposal of mineral property	5 & 8	**-**	84,675
Unrealized (loss) gain on fair value adjustment of derivatives	9	**(1,894)**	1,422
Dilution gain (loss) on issuance of shares by associate	8	**596**	(2,520)
Share of loss in associates	8	**(6,719)**	(2,159)
(Loss) earnings before income taxes		**(6,407)**	79,429
Income tax (recovery) expense			
Current	10	**585**	3,368
Deferred	10	**(2,071)**	5,461
		(1,486)	8,829
Net (loss) earnings		**(4,921)**	70,600
Net (loss) earnings attributable to:			
Common shareholders		**(4,611)**	70,313
Non-controlling interest		**(310)**	287
		(4,921)	70,600
Net (loss) earnings per share	13		
- basic		**(0.17)**	2.46
- diluted		**(0.17)**	2.43

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Comprehensive (Loss) Earnings

(In thousands of Canadian dollars)

For the years ended April 30,

	2012	2011 (Note 25)
	$	$
Net (loss) earnings	**(4,921)**	70,600
Other comprehensive (loss) earnings, net of tax		
Currency translation adjustment		
(2012 net of income taxes of $nil (2011 - $234))	**-**	1,333
Net unrealized (loss) gain on available-for sale investments		
(2012 net of income taxes of $1,021 (2011 - $(206)))	**(6,670)**	2,537
Realized losses (gains) on available-for-sale investments recognized in		
net earnings (2012 net of income taxes of $(7) (2011 - $(22))	**44**	(160)
Total comprehensive (loss) earnings	**(11,547)**	74,310
Total comprehensive (loss) earnings attributable to:		
Common shareholders	**(9,880)**	73,291
Non-controlling interest	**(1,667)**	1,019
	(11,547)	74,310

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

For the years ended April 30,

	Note #	2012	2011 (Note 25)
		$	$
Operating activities			
Net (loss) earnings		**(4,921)**	70,600
Adjustments for:			
Generative exploration		**402**	713
Mineral properties abandoned or impaired		**1,257**	3,621
Share-based compensation		**780**	1,269
Amortization		**1,288**	903
Loss (gain) on disposal of investments		**1,157**	(4,987)
Unrealized loss (gain) on fair value adjustment of derivatives		**1,894**	(1,422)
Non-cash other revenue	16	**(3,979)**	-
Gain on disposal of mineral property		**-**	(84,675)
Share of loss in associates		**6,719**	2,159
Dilution (gain) loss on issuance of shares by associates		**(596)**	2,520
Income tax (recovery) expense		**(1,486)**	8,829
Income taxes (paid) received		**(10,358)**	2,841
		(7,843)	2,371
Changes in non-cash operating working capital	16	**(353)**	76
		(8,196)	2,447
Financing activities			
Payment to non-controlling interest		**(288)**	(76)
Repurchase of common shares		**(2,299)**	-
Proceeds from exercise of stock options		**1,042**	1,399
		(1,545)	1,323
Investing activities			
Proceeds from sale of investments	8 & 9	**4,857**	38,188
Generative exploration		**(402)**	(713)
Mineral properties and deferred exploration costs, net of recoveries	5 & 16	**(1,779)**	(1,606)
Decrease (increase) in marketable securities		**13,126**	(12,748)
Acquisition of investments	8 & 9	**(20,055)**	(15,266)
Acquisition of property and equipment		**(183)**	(82)
Net cash acquired on business acquistion	19	**-**	3
Payment of current liabilities	17	**-**	(2,487)
		(4,436)	5,289
Net (decrease) increase in cash and cash equivalents		**(14,177)**	9,059
Cash and cash equivalents, beginning of year		**64,551**	55,492
Cash and cash equivalents, end of year		**50,374**	64,551

Supplemental cash flow information (Note 16)

see accompanying notes to the unaudited condensed consolidated financial statements

ALTIUS MINERALS CORPORATION

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

	Common Shares (Note 12)		Share-based Payment Reserve	Accumulated Other Comprehensive (Loss) Earnings (Note 15)	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	#	$	$	$	$	$	$	$
Balance, May 1, 2010	28,550,895	73,424	4,680	1,379	136,599	216,082	-	216,082
Net earnings and comprehensive earnings, May 1, 2010 to April 30, 2011	-	-	-	2,978	70,313	73,291	1,019	74,310
Acquisition of 2260761 Ontario Inc.	-	-	-	-	-	-	3,003	3,003
Payments to non-controlling interest	-	-	-	-	-	-	(76)	(76)
Share-based compensation	-	-	322	-	-	322	-	322
Shares issued under stock option plan	265,000	2,081	(682)	-	-	1,399	-	1,399
Balance, April 30, 2011	28,815,895	75,505	4,320	4,357	206,912	291,094	3,946	295,040
Net loss and comprehensive loss, May 1, 2011 to April 30, 2012	-	-	-	(5,269)	(4,611)	(9,880)	(1,667)	(11,547)
Payments to non-controlling interest	-	-	-	-	-	-	(288)	(288)
Shares repurchased under normal course issuer bid	(210,933)	(557)	-	-	(1,742)	(2,299)	-	(2,299)
Share-based compensation	-	-	247	-	-	247	-	247
Shares issued under stock option plan	154,713	1,933	(891)	-	-	1,042	-	1,042
Balance, April 30, 2012	**28,759,675**	**76,881**	**3,676**	**(912)**	**200,559**	**280,204**	**1,991**	**282,195**

see accompanying notes to the unaudited condensed consolidated financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

Altius Minerals Corporation is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is Suite 202, 66 Kenmount Road, St. John’s, Newfoundland and Labrador, Canada A1B 3V7.

These Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on June 26, 2012.

2. BASIS OF PRESENTATION

These consolidated financial statements present the Corporation’s initial financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as at and for the twelve months ended April 30, 2012, including 2011 comparative periods. They have been prepared in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, as issued by the International Accounting Standards Board ("IASB"). Previously, the Corporation prepared its interim and annual Consolidated Financial Statements in accordance with Canadian generally accepted accounting principles ("previous GAAP").

The preparation of these consolidated financial statements resulted in selected changes to the Corporation’s accounting policies as compared to those disclosed in the Corporation's annual audited consolidated financial statements for the period ended April 30, 2011 issued under previous GAAP. A summary of the significant changes to the accounting policies is disclosed in Note 25 along with reconciliations presenting the impact of the transition to IFRS for the comparative periods as at May 1, 2010, as at and for the twelve months ended April 30, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements included in the accounts of the Corporation for the periods presented are as follows:

Altius Minerals Corporation	100%	Parent company
Altius Resources Inc.	100%	Exploration company
Altius Investments Limited	100%	Holding Company
2260761 Ontario Inc.	72.8%	Holding Company

Non-controlling interests in the net assets of 2260761 Ontario Inc. are identified separately from the Corporation's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets, earnings, and other comprehensive earnings.

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

Investments in joint operations or jointly controlled assets are accounted for using the proportionate consolidation method whereby the Corporation records its share of any revenues, expenses, assets, and liabilities of the joint operations.

Financial instruments

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

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of earnings (loss) in the period of determination.

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

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

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

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

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

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Marketable securities

Marketable securities consist of Canadian government guaranteed and corporate backed commercial paper, bonds and marketable securities with maturities of greater than three months at the time of purchase. All marketable securities are classified as fair value through earnings or loss and are adjusted to fair market value at each balance sheet reporting date, with the corresponding adjustment going to current period earnings. Transactions are recorded on a trade date basis.

Investments

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

Mineral properties and deferred exploration costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Royalty interest in mineral property

Royalty interest in mineral property includes the acquired royalty interest in a production stage mineral property. The production stage royalty interest is recorded initially at its cost and is being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves.

Decommissioning and restoration provision

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

The Corporation recognizes the fair value of the provision in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Corporation's risk-free interest rate. The provision is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of earnings (loss). The provision is also adjusted due to revisions

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in either the timing or the amount of the original estimated cash flows. The increase in the carrying value of the asset is amortized on the same basis as mineral properties and deferred exploration costs.

The Corporation has not incurred any decommissioning and restoration provisions relating to its activities to April 30, 2012.

Property and equipment

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

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

Impairment of equipment and intangible assets (excluding goodwill)

At each reporting date the carrying amounts of the Corporation’s long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of earnings (loss) for the period.

An asset’s recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Royalty revenue is recognized when management can estimate the amount receivable from mine operations pursuant to the terms of the royalty agreement and when collection is reasonably assured. Interest income is recognized on an accrual basis. Other revenue is recognized when the services are provided, when persuasive evidence of an arrangement exists, the fixed price is determinable, and there is reasonable assurance of collection.

Income taxes

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

Foreign currency translation

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

Share-based payments

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

The Corporation also has a share appreciation rights plan (“SARs”) under which awarded SARs will vest over a specified period and have a reference price based on the common share price at the date of grant. Any payouts will be cash-settled on the scheduled vesting date. SARs granted to employees, directors and non-employees are accounted for using the fair value method. The compensation cost for SARs granted is determined based on the estimated fair value of the SARs at each reporting period using the Black-Scholes option pricing model and is amortized over the vesting period with an offsetting credit to other liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The total liability will be re-measured at each period-end with any increase or decrease in value of the obligation affecting the compensation cost. The amount recognized as expense is adjusted to reflect the number of SARs expected to vest. Because the SARs are cash-settled, the estimated net obligation of the amount expensed to date based on the vesting schedule will be disclosed as a liability on the Corporation's consolidated balance sheet.

The Corporation also has a Directors' deferred share unit ("DSU") plan. Under the terms of the DSU plan, each non-executive director receives credit for a portion of their annual retainer to a notional account of DSUs in lieu of cash. Each DSU represents a unit with an underlying value equal to the value of one common share of the Corporation.

Because the DSUs are cash-settled, the estimated net obligation of the amount expensed to date based on the vesting schedule will be disclosed as a liability on the Corporation's consolidated balance sheet. The total liability will be re-measured at each period-end with any increase or decrease in value of the obligation affecting the compensation cost.

Earnings per share

Basic net earnings per share is calculated using the weighted average number of common shares outstanding for the respective periods.

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

Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

Determination of proven and probable reserves by the operators associated with the Corporation's royalty impact the measurement of the respective assets. These estimates affect amortization of the Company's royalty and the assessment of the recoverability of the carrying value of the royalty.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Corporation has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods:

Mineral properties and deferred exploration costs
The Corporation makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration assets. These assumptions are changed when conditions exist that indicate that the carrying value may be impaired, at which time an impairment loss is recorded.

Accounts receivable
The Corporation reviews its accounts receivable on a regular basis and makes estimates of any amounts which are not expected to be collected. If such doubt exists, an allowance for doubtful accounts will be recorded.

Mining and other investments
The Corporation's mining and other investments include shares and warrants held in public and private companies. The Corporation makes certain estimates and assumptions when calculating the fair values of these investments at each reporting period. The significant assumptions used to determine the value of acquired warrants include estimates of expected volatility, expected life and expected risk-free rate of return. Changes in these assumptions may result in a material change to the fair value adjustment recorded for the period.

Royalty interest in mineral property
The Corporation reviews the estimated useful lives of its royalty interest in mineral property at the end of each reporting period to ensure assumptions are still valid.

Property and equipment
The Corporation reviews the estimated useful lives of property and equipment at the end of each reporting period to ensure assumptions are still valid.

Share-based payments
The Corporation makes certain estimates and assumptions when calculating the fair values of stock options and SARs granted. The significant assumptions used include estimate of expected volatility, expected life and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and SARs.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

5. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

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

IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers.*

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

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

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

IAS 27, Separate Financial Statements: IAS 12 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

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

IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted.

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

4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

IFRS 7 – Financial Instruments: Disclosures: IFRS 7 has been updated to improve the understanding of transfer transactions of financial assets for users of financial statements. This includes understanding possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

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

Project	**Note**	**As at April 30, 2011**	**Additions, net of recoveries**	**Abandoned or impaired**	**As at April 30, 2012**
		$	**$**	**$**	**$**
Labrador					
Labrador Trough - Base Metals		-	1	(1)	**-**
Natashquan River - Nickel		371	1	(4)	**368**
Notakwanon River - Uranium		166	-	-	**166**
Julienne Lake - Iron Ore		81	519	-	**600**
Trough Iron - Iron Ore	i	58	(58)	-	**-**
Red Cross Lake South - Nickel		22	-	(22)	**-**
Snelgrove Lake - Iron Ore		302	338	-	**640**
Alexis River & Other	g	3	12	1	**16**
Newfoundland					
Topsails - Uranium/Copper	c	1,299	68	(633)	**734**
Rocky Brook - Uranium	d	92	-	-	**92**
Mustang Trend - Gold		28	3	(31)	**-**
Moosehead - Gold	e	12	3	-	**15**
Taylor Brook - Nickel	f	193	31	(7)	**217**
Wing Pond - Gold		99	9	-	**108**
Other		73	85	(158)	**-**
Nunavut					
Wager Bay - Gold		18	384	(402)	**-**
Security Deposits	j	581	(299)	-	**282**
Grand Total		**3,398**	**1,097**	**(1,257)**	**3,238**

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

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

Project	Note	As at May 1, 2010	Additions, net of recoveries	Abandoned or impaired	Sold	As at April 30, 2011
		$	$	$	$	$
Labrador						
Kamistaitusset - Iron Ore	a	1,850	322	-	(2,172)	-
Labrador Trough - Base Metals		633	-	(633)	-	-
Natashquan River - Nickel		299	72	-	-	371
Notakwanon River - Uranium		139	27	-	-	166
Labrador West - Iron Ore	b	15	66	-	-	81
Trough Iron - Iron Ore	i	-	58	-	-	58
Red Cross Lake South - Nickel		19	3	-	-	22
Snelgrove Lake - Iron Ore		116	193	(7)	-	302
Other	g	-	3	-	-	3
Newfoundland						
Topsails - Uranium/Copper	c	1,055	246	(2)	-	1,299
Rocky Brook - Uranium	d	85	7	-	-	92
Mustang Trend - Gold		128	(99)	(1)	-	28
White Bay - Gold		62	40	(102)	-	-
Moosehead - Gold	e	58	(46)	-	-	12
Taylor Brook - Nickel	f	14	179	-	-	193
Wing Pond - Gold		-	99	-	-	99
Other		68	81	(76)	-	73
New Brunswick						
New Brunswick Oil Shale		2,881	(107)	(2,774)	-	-
Nunavut						
Wager Bay - Gold		-	18	-	-	18
Security Deposits	j	166	441	(26)	-	581
Grand Total		7,588	1,603	(3,621)	(2,172)	3,398

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

a – Kamistaitusset ("Kami")

On December 8, 2010, Alderon Iron Ore Corporation ("Alderon") earned a 100% interest in the Kami property by meeting all the requirements of the option agreement and delivered to the Corporation 32,285,006 shares of Alderon at the time of closing (see Note 8 - investments in associates). The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on the Kami property.

b - Labrador West – Iron ore

The properties are subject to an agreement signed in December 2008 whereby Rio Tinto Exploration Canada Inc. ("Rio Tinto") may earn, in stages, up to a 70% interest in the properties by incurring $7,000,000 in exploration expenditures by December 2013. In December 2011, Rio Tinto earned an initial 51% interest in the properties by incurring exploration expenditures of $3,000,000. Rio Tinto also informed the Corporation that it intends to enter the next phase of the earn-in to bring its interest to 70% by incurring an additional $4,000,000 in exploration expenditures by December 2013. This project is subject to 3% gross overriding royalty in favor of the Corporation, subject to a buy-back of 1% for $10,000,000 on or before the tenth anniversary of the agreement. The agreement remains in good standing.

c - Topsails

The Corporation and JNR Resources Inc. ("JNR") signed a 50/50 cost shared agreement in September 2007 to explore for volcanic-hosted uranium and copper deposits in a defined area in central Newfoundland. In return for generating the project, the Corporation has retained a 2% gross sales royalty on uranium products and a 2% net smelter return on all other commodities.

d - Rocky Brook

The Corporation acquired the rights to the Rocky Brook uranium property in western Newfoundland in April 2001 by making payments of $2,400 and 75,000 common shares over a three year period. The acquisition agreement is also subject to an underlying 2% net smelter return royalty that can be reduced to 1% with an additional $1,000,000 payment.

JNR earned a 70% interest in the Rocky Brook property by spending $2,525,000 on exploration expenditures by December 2008, and making a payment of 125,000 shares and other cash or share payments over the four year period totaling $172,000. Upon earn-in, the net smelter return obligation of the initial property acquisition agreement became an obligation of the joint venture. The Corporation did not participate in the recent exploration programs therefore, the Corporation's current ownership interest in Rocky Brook has been reduced to 26.6%.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

e - Moosehead

The Corporation acquired the mineral rights to the Moosehead gold property in western Newfoundland in August 1997 by making payments of $30,000 and 60,000 common shares over a three year period. The acquisition agreement is also subject to an underlying 1.16% net smelter return royalty.

Agnico Eagle Mines Inc. (“Agnico”) has earned an interest in the Moosehead property as part of its agreement dated September 2001. The Corporation’s current ownership on the property is 46% and the Corporation can either maintain this ownership by cost-sharing future exploration and development expenditures, increase ownership by deleting the ownership of Agnico by sole-funding future exploration and development expenditures, or accepting a dilution in ownership to a minimum of 10%, at which point the ownership would convert to a 1% net smelter return royalty on the property. The original 1.16% net smelter return royalty obligation is now an obligation of the joint venture.

f - Taylor Brook

The Corporation acquired the rights to the Taylor Brook nickel property in western Newfoundland in July 1999 by making payments of $35,000 over a three year period. The acquisition agreement is subject to an underlying 2% net smelter return royalty that can be reduced to 1% with an additional $1,000,000 payment.

g - Alexis River

Kirrin Resources Limited (“Kirrin”) (formerly named Monroe Minerals Inc.) signed an agreement with the Corporation in July 2007 whereby they may earn up to a 60% interest in the Corporation’s Alexis River uranium project in southeast Labrador by paying up to 250,000 shares and spending up to $1,250,000 on exploration by July 2011. The Corporation granted Kirrin extensions to the earn-in agreement to July 2013. This project is also subject to royalties in favor of the Corporation. The Corporation has received all required share payments and the agreement remains in good standing.

h - Cliffs Alliance Newfoundland & Labrador

Cliffs Natural Resources Exploration Inc. ("CNR") signed an alliance agreement with the Corporation in December 2010 for nickel and chromium exploration within specific areas of Newfoundland and Labrador. CNR will fund regional and generative exploration to a value of $1,800,000 within specific areas over a two year period with the goal of identifying new grassroots exploration targets. The generated targets will be presented to CNR which can then choose to designate such projects as joint ventures. Projects designated as joint ventures will initially be held 50-50, subject to a 1% net smelter returns royalty in favor of the Corporation. CNR will have an option to increase its participating interest to 70% by funding $4,000,000 in exploration expenditures, including 3,000 metres of drilling, by the fourth anniversary of the joint venture agreement. CNR may subsequently increase its participating interest to 90% by completing and funding a bankable feasibility study.

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

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

i – Trough Iron

Century Iron Mines ("Century") signed an agreement with the Corporation in September 2011 whereby they may earn a 100% interest in the Corporation's Trough Iron projects by incurring $7,000,000 on each of the four projects by September 2016. Under the terms of the agreement, the Corporation may receive 5,000,000 shares in Century during the earn-in period, and may be eligible to receive additional shares if National Instrument 43-101 compliant iron-ore resource targets are met. The Corporation also retained a 1% to 4% sliding scale gross sales royalty on the properties. The Corporation has received 2,000,000 shares to date and the agreement remains in good standing.

j – Security Deposits

Security deposits are refundable to the Corporation if a minimum level of exploration expenditures is incurred on the subject properties. The Corporation is required to spend $1,052,000 by April 30, 2013 in order to maintain various licenses in good standing, of which $252,000 is required to be spent for a refund of security deposits in the amount of $282,000.

6. ROYALTY INTEREST IN MINERAL PROPERTY

Voisey's Bay Royalty:	**Cost**	**Accumulated Amortization**	**Carrying Value**
	$	**$**	**$**
Balance, May 1, 2010	13,645	(2,446)	11,199
Amortization	-	(833)	(833)
Balance, April 30, 2011	13,645	(3,279)	10,366
Amortization	-	(1,184)	(1,184)
Balance, April 30, 2012	**13,645**	**(4,463)**	**9,182**

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

7. PROPERTY AND EQUIPMENT

	Computer Equipment and Software	Office Equipment	Geological Equipment	Total
	$	$	$	$
Cost:				
Balance May 1, 2010	320	82	208	610
Additions	26	-	56	82
Disposals	-	-	-	-
Balance April 30, 2011	346	82	264	692
Additions	77	-	106	183
Disposals	(280)	(57)	(63)	(400)
Balance April 30, 2012	**143**	**25**	**307**	**475**
Accumulated Amortization:				
Balance May 1, 2010	266	50	129	445
Additions	31	6	33	70
Disposals	-	-	-	-
Balance April 30, 2011	297	56	162	515
Additions	53	5	46	104
Disposals	(280)	(57)	(63)	(400)
Balance April 30, 2012	**70**	**4**	**145**	**219**
Carrying Value:				
Balance May 1, 2010	54	32	79	165
Balance April 30, 2011	49	26	102	177
Balance April 30, 2012	**73**	**21**	**162**	**256**

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

8. INVESTMENTS IN ASSOCIATES

	Alderon	Other	Total
	$	$	$
Balance May 1, 2010	-	3,065	3,065
Foreign currency translation	-	238	238
Additions, net of disposals	87,919	(3,143)	84,776
Share of loss in associates	(1,999)	(160)	(2,159)
Dilution loss on issuance of shares by associate	(2,520)	-	(2,520)
Balance April 30, 2011	83,400	-	83,400
Reclassification from mining and other investments	-	2,529	2,529
Additions, net of disposals	-	100	100
Share of loss in associates	(6,388)	(331)	(6,719)
Dilution gain on issuance of shares by associate	518	78	596
Balance April 30, 2012	**77,530**	**2,376**	**79,906**
Fair market value April 30, 2012	**92,012**	**n/a**	**92,012**
Percentage ownership at April 30, 2012:	**32.9%**	**22.5%**	

On December 8, 2010, Alderon earned a 100% interest in the Kami iron ore project located in western Labrador by meeting all requirements of an option agreement. In conjunction with its transfer of title to the project, the Corporation received 32,285,006 shares of Alderon (representing 44.6% of the issued Alderon common shares at the time of award) with a market value of $86,847,000 at the time of closing. The Corporation also holds a 3% gross sales royalty relating to any potential future mining operations on the Kami property. The Corporation recognized a gain on the disposal of a mineral property of $84,675,000 as a result of the exchange.

On December 15, 2010, Alderon completed a bought deal financing whereby Alderon raised gross proceeds of $20,075,000 by issuing 9,125,000 units comprised of one common share and one half common share purchase warrant exercisable for two years at $2.80 per share. As a result of the transaction, the Corporation's ownership interest in Alderon was reduced to 40%. The Corporation also acquired additional shares in Alderon for a total cost of $660,000 during the year ended April 30, 2011.

On December 1, 2011, Alderon completed a flow-through financing whereby Alderon raised gross proceeds of $6,000,000 by issuing 2,000,000 common shares. As a result of the transaction, the Corporation's ownership interest in Alderon was reduced to 39% and the Corporation recorded a dilution gain of $289,000.

On January 16, 2012, Alderon completed a private placement financing by issuing 14,981,273 common shares in exchange for gross proceeds of $40,000,000. As a result of the transaction, the Corporation's ownership interest in Alderon was reduced to 33% and the Corporation recorded a dilution gain of $229,000.

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

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

On April 13, 2012, Alderon signed a definitive subscription agreement with Hebei Iron and Steel Group Co. Ltd. (“Hebei”) for a strategic partnership. Upon closing of the private placement, Hebei will acquire 25,828,305 common shares for gross proceeds to Alderon of $88,332,804, representing 19.9% of the issued and outstanding shares of Alderon after giving effect to such issuance and the exercise by Liberty Metals & Mining Holdings LLC (“Liberty”) of its pre-emptive right, whereby Liberty will acquire approximately 3,805,576 common shares at the subscription price for additional gross proceeds to Alderon of $13,015,070.

On closing of the private placement, Hebei and Alderon also will enter into an arrangement pursuant to which Hebei will invest an additional $105,667,196 in exchange for a 25% interest in the Kami Project. Hebei has agreed to use its best efforts to assist in obtaining project debt financing for the Kami Project from financial institutions. Hebei also has agreed to purchase, upon the commencement of commercial production, 60% of the actual annual production from the Kami Project up to a maximum of 4.8 million tonnes of the first 8.0 million tonnes of iron ore concentrate produced annually at the Kami Project at market prices.

These agreements are subject to approvals from the government of the People’s Republic of China.

The Corporation’s ownership interest in Alderon, post closing of this transaction, will be approximately 25%.

The Corporation’s share of loss in associates was derived from the most recent set of available financial statements of the investments. Financial highlights of the Corporation’s investments in associates as at March 31, 2012 include the following:

	Alderon	Sparkfly Inc.
As at March 31, 2012:		
	$	$
Total assets	126,001	3,520
Total liabilities	(6,907)	(1,060)
Three months ended March 31, 2012:		
Total revenue	-	113
Comprehensive loss	(15,719)	(545)

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

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

A subsidiary of the Corporation, 2260761 Ontario Incorporated, holds a 22.5% interest in Sparkfly Inc., a private Georgia corporation that operates an innovative promotions and rewards platform integrated with retail point of sale systems.

During the previous year, the Corporation sold its 12 million shares in Rambler Metals and Mining plc. for cash proceeds of $5,925,000 and realized a net gain on disposal of investments on the transaction of $1,451,000.

In addition to the investments in associates noted in the table above, the Corporation holds a 39.6% investment in Newfoundland and Labrador Refining Corporation ("NLRC"), a private company proposing to construct a 300,000 barrel per day oil refinery in Newfoundland, and a loan to NLRC of $30,093,000. The Corporation reduced the carrying value of this investment and loan to zero in April 2008.

9. MINING AND OTHER INVESTMENTS

	Investments	Share Purchase Warrants	Total
	$	$	$
Balance, May 1, 2010	30,715	-	30,715
Additions	18,934	747	19,681
Receipt in exchange for interest in mineral properties	3	-	3
Disposals	(28,727)	-	(28,727)
Revaluation	2,670	1,422	4,092
Balance, April 30, 2011	23,595	2,169	25,764
Additions	19,094	860	19,954
Receipt in exchange for interest in mineral properties	4,438	-	4,438
Reclassification to available for sale investments	382	(382)	-
Reclassification to investment in associates	(2,529)	-	(2,529)
Disposals	(5,535)	(479)	(6,014)
Revaluation	(7,640)	(1,894)	(9,534)
Balance, April 30, 2012	**31,805**	**274**	**32,079**

The Corporation holds investments in other publicly traded and privately owned entities participating primarily in the resource sector, either through direct investment or in exchange for an interest in the Corporation's mineral properties. These investments are classified as available-for-sale. The fair value is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture Exchange. The Corporation also holds investments in private companies. Because there is no readily available market value and the range of possible values is high, the Corporation carries these investments at their original cost until more information becomes available. As of April 30, 2012, the Corporation had investments in privately held companies with a carrying value of $1,023,000 (April 30, 2011 – $3,644,000; May 1, 2010 - $nil).

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

9. MINING AND OTHER INVESTMENTS (CONTINUED)

The share purchase warrants are considered derivative financial instruments for accounting purposes, and any change in fair value is included in net earnings for the year. The fair value of the share purchase warrants is estimated using the Black-Scholes option pricing model, which uses inputs other than quoted market prices to determine the estimated fair market value. The Corporation recorded an unrealized loss on the fair value adjustment of derivatives of $1,894,000 (2011 – gain of $1,422,000) for the year ended April 30, 2012.

The Corporation sold investments at a carrying value of $6,014,000 (2011 - $28,727,000) for gross proceeds of $4,857,000 (2011 - $32,263,000) and recognized a loss on disposal of $1,157,000 (2011 – gain of $3,536,000) during the year ended April 30, 2012.

10. INCOME TAXES

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

	April 30, 2012 $	April 30, 2011 $	May 1, 2010 $
Temporary differences related to mineral properties and deferred exploration costs	**(148)**	(682)	(1,982)
Tax values of property and equipment and royalty interests in mineral properties in excess of carrying values	**568**	317	358
Non capital and net capital loss carryforwards	**668**	28	28
Carrying value of investments in excess of tax values	**(10,336)**	(12,284)	(4,784)
Deferred partnership income	**(640)**	(501)	(234)
Share issuance costs	**-**	192	382
Deferred and deductible share-based compensation	**828**	738	-
Other	**(29)**	17	46
	(9,089)	(12,175)	(6,186)

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

10. INCOME TAXES (CONTINUED)

The gross movements in deferred income taxes were as follows:

	2012	2011
	$	$
Balance, deferred income tax liability beginning of the year	**(12,175)**	(6,186)
Statement of earnings recovery (charge)	**2,071**	(5,461)
Tax recovery (charge) relating to components of other comprehensive income	**1,015**	(528)
Balance, deferred income tax liability end of year	**(9,089)**	(12,175)

Income taxes differ from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 30.0% (2011 – 31.5%) to (loss) earnings before income taxes as follows:

	2012	2011
	$	$
Expected tax (recovery) expense	**(1,922)**	25,042
Non-taxable portion of capital gains and losses	**382**	(15,691)
Non- deductible share-based compensation	**74**	101
Tax rate differences arising from dilution gains, associate earnings and warrant revaluation	**426**	695
Effect of changes in the income tax rate in the expected period of reversal	**(446)**	(1,318)
	(1,486)	8,829

The Corporation has recognized non-capital loss carry forwards of $1,516,000 (2011 -$nil) that expire in 2032 and net capital losses of $876,000 (2011 - $197,000) that have no expiry date.

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

11. GENERAL AND ADMINISTRATIVE

	April 30,	
	2012	2011
	$	$
Salaries and benefits	**1,709**	3,319
Office and administrative	**964**	939
Professional and consulting fees	**763**	1,013
Travel and accommodations	**295**	202
	3,731	5,473

12. SHARE CAPITAL

Authorized

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

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

During the year ended April 30, 2012, the Corporation repurchased and cancelled 210,933 common shares for a total cost of $2,299,000 under its normal course issuer bid compared to $nil for the year ended April 30, 2011.

13. NET (LOSS) EARNINGS PER SHARE

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

	2012	2011
Weighted average number of shares:		
Basic	**28,798,644**	28,672,301
Diluted	**28,798,644**	29,030,475

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

14. SHARE-BASED COMPENSATION

The Corporation recognized the following stock-based compensation during the year:

	Year ended April 30, 2012	April 30, 2011
	$	$
Stock option expense	**247**	321
Share appreciation rights expense	**255**	708
Directors' deferred share unit expense	**278**	240
	780	1,269

Stock Option Plan

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

A summary of the status of the Corporation's stock option plan as of April 30, 2012 and changes during the year then ended is as follows:

	April 30, 2012		April 30, 2011	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of year	**963,000**	**10.43**	1,433,500	9.67
Granted	-	-	10,000	10.13
Exercised	**(234,500)**	**8.12**	(265,000)	5.28
Forfeited	-	-	(215,500)	11.70
Outstanding, end of year	**728,500**	**11.18**	963,000	10.43
Exercisable, end of year	**546,500**	**12.69**	628,000	11.44

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

14. SHARE-BASED COMPENSATION (CONTINUED)

There were no stock options granted during the year ended April 30, 2012 (2011 – 10,000). The weighted-average fair value of stock options granted during the year ended April 30, 2011 was estimated on the dates of grant to be $4.23 using the Black-Scholes option pricing model with the following assumptions:

	April 30, 2011
Expected life (years)	4.00
Risk-free interest rate (%)	2.80
Expected volatility (%)	50.00
Expected dividend yield (%)	-

The weighted average market price of shares on the date of exercise for the year ended April 30, 2012 was $10.87 (for the year ended April 30, 2011 - $11.80).

The following table summarizes information about stock options outstanding and exercisable at April 30, 2012:

	Total Options Outstanding			Total Exercisable Options		
Range	Outstanding Options	Average Remaining Contractual Life	Weighted Average Strike Price	Vested Options	Average Remaining Contractual Life	Weighted Average Strike Price
	#	Years	$	#	Years	$
$5.60	258,500	1.5	5.60	200,500	1.5	5.60
$7.00	285,000	2.5	7.00	167,000	2.5	7.00
10.13	10,000	3.0	10.13	4,000	3.0	10.13
$10.14 to $15.00	20,000	0.1	13.04	20,000	0.1	13.04
$28.00	155,000	0.5	28.00	155,000	0.5	28.00
Total	728,500	1.7	11.18	546,500	1.5	12.69

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

14. SHARE-BASED COMPENSATION (CONTINUED)

Share Appreciation Rights ("SAR") Plan

During the year ended April 30, 2011, the Corporation adopted a SAR plan. Under the terms of the plan, SARs will vest over a specified period and have a reference price based on the common share price at the date of grant. Any payouts will be cash-settled on the scheduled vesting date.

No SARs were awarded in the current year. During the fiscal year ended April 30, 2011, the Corporation awarded 700,000 SARs to management at a reference price of $10.82. The SARs vest in three tranches over a five year period, with one third vesting on each of the third, fourth, and fifth anniversaries of the award date.

A summary of the status of the Corporation's share appreciation rights as of April 30, 2012 and changes during the year then ended is as follows

	Number of SARs	Reference Price
		$
Outstanding, May 1, 2010	-	-
Granted	700,000	10.82
Vested	-	-
Balance, April 30, 2011	700,000	10.82
Granted	-	-
Vested	-	-
Balance, April 30, 2012	**700,000**	**10.82**

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

14. SHARE-BASED COMPENSATION (CONTINUED)

Directors' Deferred Share Unit ("DSU") Plan

Under the terms of the Directors' DSU plan each non-executive director receives credit for a portion of their annual retainer to a notional account of DSUs in lieu of cash. Each DSU represents a unit with an underlying value equal to the value of one common share of the Corporation. During the current year, 24,568 DSUs were awarded to current non-executive directors, all of which are vested. During the fiscal year ended April 30, 2011, the Corporation awarded 18,484 DSUs to non-executive directors, all of which are fully vested.

	Number of DSUs
Outstanding, May 1, 2010	-
Awarded	18,484
Redeemed	-
Balance, April 30, 2011	18,484
Awarded	24,568
Redeemed	-
Balance, April 30, 2012	**43,052**

Other Liabilities

Other liabilities consist of the following:

	April 30, 2012	April 30, 2011	May 1, 2010
	$	$	
DSUs	**518**	240	-
SARs	**963**	708	-
	1,481	948	-

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

15. ACCUMULATED OTHER COMPREHENSIVE (LOSS) EARNINGS

The balances related to each component of accumulated other comprehensive (loss) earnings, net of related income taxes, are as follows:

	April 30, 2012 $	April 30, 2011 $	May 1, 2010 $
Unrealized loss on the translation of financial statements of self-sustaining investment in associate	**-**	-	(1,567)
less: income taxes	**-**	-	234
	-	-	(1,333)
Unrealized gains on available-for-sale investments	**(1,061)**	5,018	3,189
less: income taxes	**149**	(661)	(477)
	(912)	4,357	2,712
Total	**(912)**	4,357	1,379

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

16. SUPPLEMENTAL CASH FLOW INFORMATION

	2012	2011
	$	$
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**(151)**	(1,095)
Accounts payable and accrued liabilities	**(202)**	1,171
	(353)	76

	2012	2011
	$	$
Cash and cash equivalents consist of:		
Deposits with banks	**7,746**	11,972
Short-term investments	**42,628**	52,579
	50,374	64,551

Non-cash items:
The Corporation received investments from earn-in partners with an initial value of $4,438,000 (2011 - $3,000) that were applied as follows:

	2012	2011
	$	$
Other revenue	**3,979**	-
Mineral properties and deferred exploraiton costs	**459**	3
	4,438	3

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

17. RELATED PARTY TRANSACTIONS

	2012	2011
	$	$
Revenue from companies subject to significant influence	**-**	3
Legal services received from a partnership, one of the partners of which is a director of the Corporation and reflected as:		
Mineral properties and deferred exploration costs	**-**	14
General and administrative expenses	**43**	21
	43	35

Compensation for key management personnel and directors is as follows:

	2012	2011
	$	$
Salaries and benefits	**1,087**	1,115
Share-based compensation	**714**	1,102
	1,801	2,217

These 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.

Accounts receivable and prepaid expenses include a net receivable from NLRC of $750 after adjusting for an allowance for doubtful accounts of $6,400 (2011 - $10,400 after adjusting for an allowance for doubtful accounts of $6,400; 2010 - $100 after adjusting for an allowance for doubtful accounts of $6,400).

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

18. INVESTMENT IN LABRADOR NICKEL ROYALTY LIMITED PARTNERSHIP ("LNRLP")

The Corporation's 10% share of LNRLP's assets, liabilities, income, expenses and cash flows, which has been proportionately consolidated in these consolidated financial statements, is as follows:

	2012	2011
	$	$
Balance Sheets		
Current assets	**1,056**	975
Royalty interest in mineral property	**9,182**	10,366
Statement of Earnings		
Royalty revenue	**4,115**	2,872
Royalty tax	**(823)**	(598)
General and administrative	**(11)**	(27)
Amortization	**(1,184)**	(833)
Statements of Cash Flows		
Operating activities	**3,200**	1,427

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

19. ACQUISITION OF 2260761 ONTARIO INC. ("2260761")

On November 1, 2010, the Corporation co-founded 2260761 by acquiring 89% of the class B preferred shares and 72.8% of the common shares of the new entity. 2260761 is a newly formed company that invests principally in early stage mineral exploration businesses.

The purchase price of the Corporation's interest in 2260761 consisted of $25,007,000 in cash.

The Corporation followed the acquisition method of accounting for this transaction and has consolidated the financial results into its consolidated financial statements, with a corresponding deduction for the non-controlling interest portion of net assets, earnings, and other comprehensive earnings. The following table summarizes the fair values of the Corporation's acquired interest in the assets and liabilities on November 1, 2010.

	$
Mining and mineral related investments	**5,487**
Current liabilities	**(2,487)**
Non- controlling interest	**(3,003)**
	(3)
Cash acquired	**25,010**
Net assets acquired	**25,007**
Cash consideration	**25,007**

The non-controlling interest arising from the 2260761 transaction represents the minority shareholder's net portion of assets and liabilities at the acquisition date. Cranberry Capital Inc. ("Cranberry"), a company controlled by the president of 2260761, owns 27.2% of the outstanding common shares and 11% of the Class B preferred shares of 2260761.

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

20. SEGMENTED INFORMATION

On November 1, 2010, the Corporation restructured its business into two reportable segments of exploration and investments/royalty acquisition. Corporate operating costs are not allocated to the segments and are presented separately. Intersegment transactions are not significant and are eliminated upon consolidation. These segments reflect the revised legal and internal reporting structure of the Corporation. The Corporation's key decision makers assess performance and make resource allocation decisions based on consolidated net earnings (loss) before taxes and non-controlling interest. The Corporation operates in one geographic segment of Canada.

The Corporation has retroactively restated the segment performance for comparative figures, as if this structure existed in prior periods. The restatements are based on management's best estimate of the cost breakdowns and transactions had this structure existed in the comparative periods.

Year ended April 30, 2012

	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
Revenue				
Royalty	**4,115**	**-**	**-**	**4,115**
Interest and investment income	**2,614**	**40**	**68**	**2,722**
Other	**-**	**4,191**	**20**	**4,211**
	6,729	**4,231**	**88**	**11,048**
(Loss) earnings before income taxes	**(4,790)**	**1,107**	**(2,724)**	**(6,407)**
Income tax expense (recovery)				**(1,486)**
Net loss				**(4,921)**

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

20. SEGMENTED INFORMATION (CONTINUED)

Year ended April 30, 2011

	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
Revenue				
Royalty	2,872	-	-	2,872
Interest and investment income	2,529	73	4	2,606
Other	-	123	-	123
	5,401	196	4	5,601
Earnings (loss) before income taxes	5,291	78,818	(4,680)	79,429
Income tax expense				8,829
Net earnings				70,600

Total assets:

	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
May 1, 2010	209,892	12,618	1,048	223,558
April 30, 2011	308,539	3,798	1,482	313,819
April 30, 2012	**269,895**	**13,294**	**11,835**	**295,024**

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Determination of Fair Value

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 – valuation techniques with significant unobservable market inputs

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

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

As at April 30, 2012:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	**42,628**	**-**	**-**	**42,628**
Marketable securities	**111,640**	**-**	**-**	**111,640**
Mining and other investments	**30,782**	**274**	**-**	**31,056**
TOTAL FINANCIAL ASSETS	**185,050**	**274**	**-**	**185,324**
FINANCIAL LIABILITIES	**518**	**963**	**-**	**1,481**

As at April 30, 2011:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	52,579	-	-	52,579
Marketable securities	124,766	-	-	124,766
Mining and other investments	19,951	2,169	-	22,120
TOTAL FINANCIAL ASSETS	197,296	2,169	-	199,465
FINANCIAL LIABILITIES	240	708	-	948

As at May 1, 2010:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	54,816	-	-	54,816
Marketable securities	112,018	-	-	112,018
Mining and other investments	30,715	-	-	30,715
TOTAL FINANCIAL ASSETS	197,549	-	-	197,549
FINANCIAL LIABILITIES	-	-	-	-

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

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk Management

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

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted as follows:

Credit risk

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 and cash equivalents and marketable 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 US dollars. The Corporation does not enter into any derivative contracts to reduce this exposure since the receivable is short-term in nature and the expected receivable amount cannot be predicted reliably. The following table shows the Corporation's receivable in US dollars.

	April 30, 2012	April 30, 2011	May 1, 2010
	$US	$US	$US
Accounts Receivable	**889**	829	181

As at April 30, 2012, a 10% change in the US dollar to Canadian dollar exchange rate could affect net earnings by approximately $62,000.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

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 cash equivalents 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.

As at April 30, 2012, a +/- 1% change in the effective interest rates on cash and cash equivalents and marketable securities would affect comprehensive earnings by $1,134,000 net of applicable taxes.

Sensitivity Analysis

The Corporation has mining and other investments that are marked to fair market value at each reporting period, with a corresponding adjustment to other comprehensive (loss) earnings for increases in value and for other temporary declines in value. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are "reasonably possible" over a twelve month period:

As at April 30, 2012, the Corporation's mining and other investments sensitivity to a +/- 20% movement in quoted market prices would affect comprehensive earnings by $5,453,000 net of applicable taxes.

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

22. CAPITAL MANAGEMENT

The Corporation defines its capital as its total equity attributable to common shareholders. The Corporation's objectives when managing capital are to minimize shareholder dilution while maximizing shareholder return. The Corporation also believes it should maintain sufficient capital for potential investment opportunities and to pursue generative exploration opportunities. The Corporation manages its capital by repurchasing its common shares under its normal course issuer bid to offset the dilutive effect of its stock option plan. Where it believes the current share price does not reflect the true value, the Corporation may repurchase additional shares to enhance the value to existing shareholders. In addition, the Corporation may from time to time issue new shares to fund specific project initiatives, and may consider dividend distributions to shareholders at a future date.

The Corporation is not subject to any external capital requirements.

23. COMMITMENTS

Operating leases

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

	$
2013	**195**
2014	**130**
	325

Mineral property expenditures

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, post a refundable security bond for the deficient amount or elect to allow title of the license be cancelled. The Corporation is required to spend $1,052,000 by April 30, 2013 in order to maintain various licenses in good standing, of which $252,000 is required to be spent for a refund of security deposits in the amount of $282,000.

24. CONTINGENT LIABILITY

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

The Corporation believes this claim is without merit and 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.

25. FIRST TIME ADOPTION OF IFRS

As disclosed in Note 2, these consolidated financial statements represent the Corporation's initial presentation of the financial results of operations and financial position under IFRS for the year ended April 30, 2011 in conjunction with the Altius' annual audited consolidated financial statements to be issued under IFRS as at and for the year ended April 30, 2012. As a result, these consolidated financial statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards", as issued by the IASB. Previously, the Corporation prepared its interim and annual consolidated financial statements in accordance with previous GAAP.

IFRS 1 requires the presentation of comparative information as at the May 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRSs.

The following reconciliations present the adjustments made to the Corporation's previous GAAP financial results of operations and financial position to comply with IFRS 1. A summary of the significant accounting policy changes and applicable exemptions is discussed following the reconciliations. Reconciliations include the Corporation's consolidated balance sheets as at May 1, 2010 and April 30, 2011; the reconciliations of total equity as at May 1, 2010, and April 30, 2011; and for the year ended April 30, 2011.

IFRS 1 First-time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Corporation has applied the following exemptions to its opening statement of financial position dated May 1 2010:

Business Combinations
IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Corporation has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after May 1, 2010.

Cumulative translation differences
IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* for cumulative translation differences that existed at the date of transition to IFRS. The Corporation has chosen not to apply this election.

25. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payments* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Corporation has elected not to apply IFRS 2 to awards that vested on or before November 7, 2002.

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

25. FIRST TIME ADOPTION OF IFRS (CONTINUED)

IFRS Opening Consolidated Balance Sheet

As at May 1, 2010

	Previous GAAP	Stock Options (Note A)	SARs (Note B)	Other (Note C)	IFRS
	$	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	55,492	-	-	-	**55,492**
Marketable securities	112,018	-	-	-	**112,018**
Accounts receivable and prepaid expenses	302	-	-	-	**302**
Income taxes receivable	3,014	-	-	-	**3,014**
	170,826	-	-	-	**170,826**
Non-current assets					
Mineral properties and deferred exploration costs	7,588	-	-	-	**7,588**
Royalty interest in mineral property	11,199	-	-	-	**11,199**
Property and equipment	165	-	-	-	**165**
Investment in associates	3,065	-	-	-	**3,065**
Mining and other investments	30,715	-	-	-	**30,715**
	52,732	-	-	-	**52,732**
TOTAL ASSETS	223,558	-	-	-	**223,558**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	1,290	-	-	-	**1,290**
Deferred income taxes	234	-	-	(234)	**-**
	1,524	-	-	(234)	**1,290**
Deferred income taxes	5,952	-	-	234	**6,186**
	7,476	-	-	-	**7,476**
SHAREHOLDERS' EQUITY					
Share capital	73,424	-	-	-	**73,424**
Share-based payment reserve	4,164	516	-	-	**4,680**
Accumulated other comprehensive earnings	1,379	-	-	-	**1,379**
Retained earnings	137,115	(516)	-	-	**136,599**
	216,082	-	-	-	**216,082**
TOTAL LIABILITIES AND EQUITY	**223,558**	-	-	-	**223,558**

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

25. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Consolidated Balance Sheet

As at April 30, 2011

	Previous GAAP	Stock Options (Note A)	SARs (Note B)	Other (Note C)	IFRS
	$	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	64,551	-	-	-	**64,551**
Marketable securities	124,766	-	-	-	**124,766**
Accounts receivable and prepaid expenses	1,397	-	-	-	**1,397**
	190,714	-	-	-	**190,714**
Non-current assets					
Mineral properties and deferred exploration costs	3,398	-	-	-	**3,398**
Royalty interest in mineral property	10,366	-	-	-	**10,366**
Property and equipment	177	-	-	-	**177**
Investment in associates	83,400	-	-	-	**83,400**
Mining and other investments	25,764	-	-	-	**25,764**
	123,105	-	-	-	**123,105**
TOTAL ASSETS	313,819	-	-	-	**313,819**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	2,461	-	-	-	**2,461**
Income taxes payable	3,195	-	-	-	**3,195**
Deferred income taxes	501	-	-	(501)	**-**
	6,157	-	-	(501)	**5,656**
Other liabilities	481	-	467	-	**948**
Deferred income taxes	11,817	-	-	358	**12,175**
	18,455	-	467	(143)	**18,779**
EQUITY					
Common shares	75,505	-	-	-	**75,505**
Share-based payment reserve	4,202	118	-	-	**4,320**
Accumulated other comprehensive earnings	4,357	-	-	-	**4,357**
Retained earnings	207,354	(118)	(467)	143	**206,912**
Non-controlling interest	3,946	-	-	-	**3,946**
	295,364	-	(467)	143	**295,040**
TOTAL LIABILITIES AND EQUITY	**313,819**	-	-	-	**313,819**

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

25. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of equity:

The following table reconciles the Corporation's total equity as previously reported under Canadian GAAP to the amounts reported under IFRS as at the Transition Date and April 30, 2011. Explanations for each of the adjustments to equity are included in the section that follows the reconciliation.

	May 1, 2010 $	April 30, 2011 $
Total equity as reported under Previous GAAP	216,082	295,364
Adjustments to total equity under IFRS:		
Stock Options (Note A)	-	-
SARs expense (Note B)	-	(467)
Income Taxes (Note C)	-	143
Total equity as reported under IFRS	216,082	295,040

25. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of Comprehensive earnings:

The following table reconciles the Corporations' total comprehensive earnings as previously reported under Previous Canadian GAAP to the amounts reported under IFRS for the period presented. Explanations for each of the adjustments to comprehensive earnings are included in the section that follows the reconciliation.

	For the year ended April 30, 2011 $
Total comprehensive earnings reported under previous GAAP	74,236
Adjustments to comprehensive earnings equity under IFRS:	
Stock options (Note A)	398
SARs expense (Note B)	(467)
Income taxes (Note C)	143
Total comprehensive earnings reported under IFRS	74,310

Reconciliation of cash flows

The adoption of IFRS has had no impact on the net cash flows of the Corporation. The changes made to the consolidated balance sheet and consolidated statements of comprehensive earnings have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no cash flow reconciliations have been presented.

25. FIRST TIME ADOPTION OF IFRS (CONTINUED))

Notes to the reconciliations above

(A) Stock options

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 stock based compensation expense in the comparative periods and has adjusted opening retained earnings on the IFRS opening consolidated balance sheet to reflect this revised timing of stock option expense.

(B) SARs 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 stock 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 consolidated balance sheet date.

(C) Income taxes

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 non-current. The Corporation has reclassified the short-term portion of deferred taxes to non-current to reflect the IFRS requirement.