ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements
For the three and six months ended
October 31, 2017 and 2016
(Unaudited)

ALTIUS MINERALS CORPORATION

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ALTIUS MINERALS CORPORATION

Condensed Consolidated Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at,

	Note #	October 31, 2017	April 30, 2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**28,951**	34,830
Accounts receivable and prepaid expenses		**5,500**	5,609
Income taxes receivable		**304**	781
Convertible debenture	8	**10,938**	-
		45,693	41,220
Non-current assets			
Interests in joint ventures	5	**148,126**	151,708
Royalty and streaming interests	7	**134,697**	141,981
Mining and other investments	6	**83,013**	44,523
Exploration and evaluation assets	4	**23,401**	22,160
Goodwill		**10,998**	10,998
Deferred tax assets	9	**-**	4,535
Investment in associates		**2,477**	3,320
Property and equipment		**21**	-
		402,733	379,225
TOTAL ASSETS		**448,426**	420,445
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**2,734**	3,064
Current portion of debt	10	**13,000**	11,750
Income taxes payable		**682**	493
		16,416	15,307
Non-current liabilities			
Long-term debt	10	**56,180**	66,580
Deferred tax liabilities	9	**35,529**	23,092
		108,125	104,979
EQUITY			
Shareholders' equity		**340,232**	315,394
Non-controlling interest		**69**	72
		340,301	315,466
TOTAL LIABILITIES AND EQUITY		**448,426**	420,445

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Earnings

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

		Three months ended October 31,		Six months ended October 31,	
	Note #	**2017**	2016	**2017**	2016
		$	$	**$**	$
Revenue	11	**12,174**	5,463	**21,761**	10,051
Costs and Expenses					
General and administrative	11	**1,675**	1,791	**2,741**	3,059
Cost of sales - copper stream		**1,448**	684	**2,487**	948
Share-based compensation	13	**485**	375	**810**	623
Generative exploration		**146**	433	**237**	628
Exploration and evaluation assets abandoned or impaired	4	**190**	-	**469**	-
Mineral rights and leases		**75**	117	**223**	330
Amortization and depletion		**3,283**	2,931	**7,286**	5,540
		7,302	6,331	**14,253**	11,128
Earnings from joint ventures	5	**4,004**	3,064	**7,629**	5,755
Gain on disposal of investments	6	**1,531**	357	**1,724**	5,541
Interest on long-term debt		**(1,304)**	(1,479)	**(2,700)**	(4,929)
Foreign exchange gain (loss)		**(104)**	(444)	**622**	(1,370)
Unrealized gain on fair value adjustment of derivative	8	**109**	-	**628**	-
Share of loss in associates		**(158)**	-	**(843)**	-
Earnings before income taxes		**8,950**	630	**14,568**	3,920
Income taxes (current and deferred)	9	**2,202**	343	**3,328**	595
Net earnings		**6,748**	287	**11,240**	3,325
Net earnings attributable to:					
Equity holders		**6,748**	341	**11,243**	3,390
Non-controlling interest		**-**	(54)	**(3)**	(65)
		6,748	287	**11,240**	3,325
Net earnings per share					
basic and diluted	12	**0.16**	0.01	**0.26**	0.08

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Comprehensive Earnings

(Unaudited - In thousands of Canadian dollars)

	Three months ended October 31,		Six months ended October 31,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Net earnings	**6,748**	287	**11,240**	3,325
Other comprehensive earnings (loss), net of tax				
To be reclassed subsequently to profit or loss:				
Net unrealized gain (loss) on available-for-sale investments (net of deferred income tax year to date of $1,535 (2016 - $243))	**8,694**	(313)	**9,192**	1,311
Adjustment for realized gain on available-for-sale investments recognized in net earnings (net of deferred income tax recovery year to date of $130 (2016 - $669))	**(735)**	(451)	**(735)**	(4,382)
Total comprehensive earnings	**14,707**	(477)	**19,697**	254
Total comprehensive earnings attributable to:				
Equity holders	**14,707**	(423)	**19,700**	319
Non-controlling interest	**-**	(54)	**(3)**	(65)
	14,707	(477)	**19,697**	254

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

		Six months ended October 31,	
		2017	2016
	Note #	**$**	$
Operating activities			
Net earnings		**11,240**	3,325
Adjustments for operating activities	14	**(432)**	(2,369)
		10,808	956
Changes in non-cash operating working capital	14	**(482)**	(806)
		10,326	150
Financing activities			
Proceeds from long-term debt		**-**	101,116
Repayment of long-term debt	10	**(8,677)**	(84,274)
Proceeds from issuance of common shares		**-**	37,714
Proceeds from issuance of preferred securities	12	**25,000**	-
Costs on issuance of preferred securities	12	**(424)**	-
Preferred securities distribution	12	**(332)**	-
Repurchase of common shares	12	**(1,911)**	-
Dividends paid		**(2,596)**	(2,604)
		11,060	51,952
Investing activities			
Proceeds from sale of investments	6	**6,746**	10,751
Acquisition of convertible debenture	8	**(10,000)**	-
Acquisition of Chapada copper stream		**-**	(65,481)
Proceeds from disposal of mineral properties	4	**191**	-
Cash received from joint ventures	5	**11,211**	7,952
Generative exploration		**(237)**	(628)
Exploration and evaluation assets, net of recoveries	4	**(1,959)**	(1,088)
Acquisition of mining and other investments	6	**(33,193)**	(33)
Acquisition of property and equipment		**(24)**	-
		(27,265)	(48,527)
Net (decrease) increase in cash and cash equivalents		**(5,879)**	3,575
Cash and cash equivalents, beginning of period		**34,830**	9,577
Cash and cash equivalents, end of period		**28,951**	13,152

Supplemental cash flow information (Note 14)

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Changes in Equity

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

	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	#	$	#	$	$	$	$	$	$	$
					(Note 12)					
Balance, April 30, 2016	39,832,102	232,174	-	-	4,572	3,701	79,556	320,003	212	320,215
Net earnings and comprehensive (loss), May 1, 2016 to October 31, 2016	-	-	-	-	-	(3,071)	3,390	319	(65)	254
Shares repurchased and cancelled	(90,000)	(561)	-	-	-	-	(310)	(871)	-	(871)
Shares issued under offering	3,578,800	40,262	-	-	-	-	-	40,262	-	40,262
Share issue costs	-	(1,856)	-	-	-	-	-	(1,856)	-	(1,856)
Warrants issued	-	-	-	-	947	-	-	947	-	947
Dividends paid	-	-	-	-	-	-	(2,604)	(2,604)	-	(2,604)
Share-based compensation (Note 13)	-	-	-	-	623	-	-	623	-	623
Shares issued under long-term incentive plan	14,752	200	-	-	(200)	-	-	-	-	-
Balance, October 31, 2016	43,335,654	270,219	-	-	5,942	630	80,032	356,823	147	356,970
Net (loss) and comprehensive earnings, October 1, 2016 to April 30, 2017	-	-	-	-	-	4,662	(68,256)	(63,594)	(75)	(63,669)
Shares repurchased and cancelled	-	-	-	-	-	-	(1)	(1)	-	(1)
Securities issued	-	-	2,500,000	21,997	-	-	-	21,997	-	21,997
Share issue costs	-	9	-	(678)	-	-	-	(669)	-	(669)
Warrants issued	-	-	-	-	3,003	-		3,003	-	3,003
Dividends paid	-	-	-	-	-	-	(2,600)	(2,600)	-	(2,600)
Share-based compensation	-	-	-	-	435	-	-	435	-	435
Balance, April 30, 2017	43,335,654	270,228	2,500,000	21,319	9,380	5,292	9,175	315,394	72	315,466
Net earnings and comprehensive earnings May 1, 2017 to October 31, 2017	-	-	-	-	-	8,457	11,243	19,700	(3)	19,697
Shares repurchased and cancelled (Note 12)	(174,689)	(1,089)	-	-	-	-	(822)	(1,911)	-	(1,911)
Securities issued (Note 12)	-	-	2,500,000	21,997	-	-	-	21,997	-	21,997
Deferred tax (Note 9)	-	-	-	(15,000)	-	-	-	(15,000)	-	(15,000)
Preferred securities distribution (Note 12)	-	-	-	(928)	-	-	-	(928)	-	(928)
Share issue costs (Note 12)	-	-	-	(237)	-	-	-	(237)	-	(237)
Warrants issued (Note 12)	-	-	-	-	3,003	-	-	3,003	-	3,003
Dividends paid	-	-	-	-	-	-	(2,596)	(2,596)	-	(2,596)
Share-based compensation (Note 13)	-	-	-	-	810	-	-	810	-	810
Shares issued under long-term incentive plan	26,326	319	-	-	(319)	-	-	-	-	-
Balance, October 31, 2017	**43,187,291**	**269,458**	**5,000,000**	**27,151**	**12,874**	**13,749**	**17,000**	**340,232**	**69**	**340,301**

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

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

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on December 12, 2017.

2. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in accordance with *International Accounting Standards ("IAS") 34, Interim Financial Reporting* using the same accounting policies and methods of computation as the Corporation's most recent annual consolidated financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or available-for-sale investments which are measured at fair value. Additionally, these unaudited condensed consolidated financial statements have been prepared using the accrual basis of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

The accounting policies and estimates applied in the Corporation's unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements as at and for the year ended April 30, 2017.

The following new and amended standards are effective for annual periods beginning on or after January 1, 2018 or later, with earlier adoption permitted.

IFRS 9 - Financial Instruments was issued by the IASB on July 24, 2014 and will replace *IAS 39, "Financial instruments: recognition and measurement"* (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Corporation is currently evaluating its transition method and the impact of this standard on its consolidated financial statements. The Corporation is considering designating the changes in the fair value of the equity investments through other comprehensive income. This irrevocable designation will result in future changes in

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS (CONTINUED)

fair value and gains and losses on disposal being recorded in other comprehensive income, while dividends on these equity instruments will continue to be recognized in the statement of earnings.

IFRS 15 - Revenue from Contracts with Customers. This standard is effective for annual periods beginning on or after January 1, 2018 and provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Corporation is currently evaluating its transition method and the impact of this standard on its consolidated financial statements. The impact on revenue recognized in future periods is not expected to be material. No impact on the consolidated statements of cash flow is expected from adoption.

IFRS 16 – Leases. This standard specifies how a reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019.

The Corporation has not early adopted these amendments and standards and continues to assess the impact they will have on the consolidated financial statements.

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

4. EXPLORATION AND EVALUATION ASSETS

Project	**Note**	**As at April 30, 2017**	**Additions/ Reclassifications, net of recoveries**	**Abandoned or impaired**	**Sold**	**As at Oct 31, 2017**
		$	**$**	**$**		**$**
Labrador						
PGE		523	3	-	-	526
Iron Ore		1,898	-	-	-	1,898
Copper		133	-	-	-	133
Other		71	7	(2)	-	76
Newfoundland						
Nickel		278	-	(278)	-	-
Gold	a	362	(41)	-	-	321
Silver		66	385	-	-	451
New Brunswick - Zinc		21	66	-	-	87
Quebec - Gold		7	404	-	-	411
Manitoba - Diamonds		-	335	-	-	335
Alberta, British Columbia & Saskatchewan						
Coal		16,991	-	-	(191)	16,800
Potash		500	-	-	-	500
Gold, Silver		8	25	-	-	33
Copper		10	5	-	-	15
United States - Base metals		672	58	-	-	730
Ireland - Base metals		204	11	-	-	215
Finland - Gold, Nickel		51	577	(189)	-	439
Australia - Zinc, Silver		41	38	-	-	79
Security Deposits		324	28	-	-	352
Total		**22,160**	**1,901**	**(469)**	**(191)**	**23,401**

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

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a. *Regional Gold Projects*

On March 30, 2017 the Corporation completed an agreement to option six projects covering 41,325 hectares located along the projection of the major structural corridor hosting gold mineralization at Antler Gold Inc's ("Antler") Wilding Lake Project and Marathon Gold Corporation's Valentine Lake Project. During the six months ended October 31, 2017, the Corporation received 980,000 Antler common shares as consideration under the option agreement and may retain a 2% NSR royalties over the new projects. The agreement remains in good standing. Antler has committed to fund a minimum of $300,000 in exploration expenditures on the additional projects within the first year.

Project	As at April 30, 2016	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at April 30, 2017
	$	$	$		$
Labrador					
PGE	523	-	-	-	523
Iron Ore	1,896	2	-	-	1,898
Copper	51	82	-	-	133
Other	49	22	-	-	71
Newfoundland					-
Nickel	276	2	-	-	278
Gold	157	205	-	-	362
Zinc	530	182	-	(712)	-
Silver	-	66	-	-	66
New Brunswick - Zinc	-	21	-	-	21
Quebec - Gold	-	7	-	-	7
Alberta, British Columbia & Saskatchewan					
Coal	21,294	(191)	(4,112)	-	16,991
Potash	500	-	-	-	500
Gold, Silver	-	8	-	-	8
Copper	-	10	-	-	10
United States - Base metals	574	98	-	-	672
Ireland - Base metals	338	134	-	(268)	204
Finland - Gold, Nickel	-	51	-	-	51
Australia - Zinc, Silver	-	41	-	-	41
Security Deposits	150	176	-	(2)	324
Total	26,338	916	(4,112)	(982)	22,160

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

5. INTERESTS IN JOINT VENTURES

	LNRLP (1)	Prairie Royalties	Other	Total
	$	$	$	$
Balance April 30, 2016	5,717	223,823	-	229,540
Additions	-	-	233	233
Share of earnings (loss)	(365)	(57,456)	(233)	(58,054)
Cash (receipts) disbursements	365	(20,376)	-	(20,011)
Balance, April 30, 2017	5,717	145,991	-	151,708
Share of earnings (loss)	(215)	7,844	-	7,629
Cash (receipts) disbursements	215	(11,426)	-	(11,211)
Balance, October 31, 2017	**5,717**	**142,409**	**-**	**148,126**

(1) Labrador Nickel Royalty Limited Partnership

6. MINING AND OTHER INVESTMENTS

	$
Balance, April 30, 2016	34,636
Additions	14,271
Disposals	(6,121)
Impairment recognition	(250)
Revaluation	1,987
Balance, April 30, 2017	44,523
Additions	33,755
Disposals	(5,215)
Revaluation	9,950
Balance, October 31, 2017	**83,013**

The Corporation disposed of investments having a carrying value of $5,215,000 for gross cash proceeds of $6,746,000 and non-cash proceeds of $193,000 and recognized a gain on disposal of $1,724,000 during the six months ended October 31, 2017. The Corporation disposed of investments having a carrying value of $4,960,000 for gross cash proceeds of $10,751,000 and recognized a gain on disposal of $5,791,000 during the six months ended October 31, 2016.

The Corporation disposed of investments having a carrying value of $5,215,000 for gross cash proceeds of $6,746,000 and recognized a gain on disposal of $1,531,000 during the three months ended October 31, 2017. The Corporation disposed of investments having a carrying value of $615,000 for gross cash proceeds of $1,222,000, and recognized a gain on disposal of $607,000 during the three months ended October 31, 2016.

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

7. ROYALTY AND STREAMING INTERESTS

	As at April 30, 2017	Additions / Reclassifications	**As at October 31, 2017**
	$	**$**	**$**
Royalty interests			
Rocanville - Potash	5,000	-	**5,000**
Esterhazy - Potash	3,000	-	**3,000**
Other potash	7,000	-	**7,000**
Coal & coal bed methane	8,000	-	**8,000**
777 Mine - Copper & zinc	47,356	-	**47,356**
Gunnison - Copper	5,300	-	**5,300**
Sheerness West - Coal	9,000	-	**9,000**
Streaming interest			**-**
Chapada - Copper	77,634	-	**77,634**
Balance, end of period	162,290	-	**162,290**
Accumulated amortization and depletion			
Rocanville - Potash	49	9	**58**
Esterhazy - Potash	47	11	**58**
Other potash	37	1	**38**
Coal & coal bed methane	1,167	200	**1,367**
777 Mine - Copper & zinc	15,985	3,965	**19,950**
Gunnison - Copper	-	-	**-**
Sheerness West - Coal	-	-	**-**
Streaming interest			**-**
Chapada - Copper	3,024	3,098	**6,122**
Balance, end of period	20,309	7,284	**27,593**
Net book value	141,981	(7,284)	**134,697**

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

7. ROYALTY AND STREAMING INTERESTS (CONTINUED)

	As at April 30, 2016	Additions / Reclassifications	As at April 30, 2017
	$		$
Royalty interests			
Rocanville - Potash	5,000	-	5,000
Esterhazy - Potash	3,000	-	3,000
Other potash	7,000	-	7,000
Coal & coal bed methane	8,000	-	8,000
777 Mine - Copper & zinc	47,356	-	47,356
Gunnison - Copper	5,300	-	5,300
Sheerness West - Coal	9,000	-	9,000
Streaming interest			
Chapada - Copper	-	77,634	77,634
Balance, end of period	84,656	77,634	162,290
Accumulated amortization and depletion			
Rocanville - Potash	33	16	49
Esterhazy - Potash	32	15	47
Other potash	-	37	37
Coal & coal bed methane	800	367	1,167
777 Mine - Copper & zinc	7,850	8,135	15,985
Gunnison - Copper	-	-	-
Sheerness West - Coal	-	-	-
Streaming interest			
Chapada - Copper	-	3,024	3,024
Balance, end of period	8,715	11,594	20,309
Net book value	75,941	66,040	141,981

8. CONVERTIBLE DEBENTURE

	Debt receivable	Equity option	Total
	$	$	$
Balance, April 30, 2017	-	-	-
Acquisition	9,147	853	10,000
Revaluation	-	628	628
Accretion	310	-	310
Balance, October 31, 2017	**9,457**	**1,481**	**10,938**

8. CONVERTIBLE DEBENTURE (CONTINUED)

On June 1, 2017, the Corporation invested $10 million in an unsecured subordinated convertible debenture (the "Debenture") of Champion Iron Limited ("Champion"). The investment is a component of a $40 million debt and equity bridge financing which Champion arranged for its subsidiary Quebec Iron Ore Inc. ("QIO") in connection with the proposed restart of operations at QIO's Bloom Lake Iron Mine ("Bloom Lake") located near Fermont, Quebec. The Debenture is convertible at the option of the Corporation at any time into Champion common shares at a conversion price of $1.00 per share. The maximum number of shares that may be issued upon conversion of the Debenture is 50,000,000 with the balance of the unconverted principal amount of the Debenture, if any, to be repaid in cash or converted into a proportion of a royalty at the option of Champion. If the principal amount is not repaid in full on or before the second anniversary of the Debenture, Altius will have the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on the Bloom Lake project. The Debenture has an initial term to maturity of 12 months and will bear interest at a rate of 8% payable quarterly. Six months of interest in the amount of $400,000 was withheld on the Debenture of which $333,151 has been recognized during the six months ended October 31, 2017.

The Debenture was determined to be a compound instrument consisting of a loan receivable and equity components. The Corporation has recorded the debt component of the Debenture as a loan and receivable using the amortized cost method with an effective interest rate of 16.67%. During the six months ended October 31, 2017 the Corporation recognized accretion of $310,000 as interest income. The Corporation has recorded the convertible equity option as a derivative. The royalty option was determined to have $nil value due to the unlikely probability of its occurrence. Derivative instruments are considered held for trading investments and are recorded at fair value with changes in value through earnings. During the six months ended October 31, 2017 the Corporation recorded an unrealized gain on fair value of derivatives of $628,000 ($109,000 for the three months ended October 31, 2017).

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

9. INCOME TAXES

During the quarter ended October 31, 2017, the Corporation recorded a deferred tax liability of $15,000,000 in relation to the preferred securities drawn down on August 11, 2017 and April 26, 2017. The preferred securities are considered compound financial instruments therefore requiring the Corporation to record taxable temporary differences related to these securities through equity and deferred tax liability.

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

	October 31, 2017	April 30, 2017
	$	$
Temporary differences related to exploration and evaluation assets, property and other	**(2,573)**	(2,529)
Non capital and net capital loss carryforwards	**611**	1,310
Temporary differences related to preferred securities	**(15,000)**	-
Carrying value of investments in excess of tax values	**(2,633)**	(1,351)
Deferred and deductible share-based compensation	**765**	708
Share and debt issue costs	**1,411**	1,548
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	**(18,110)**	(18,243)
	(35,529)	(18,557)

	October 31, 2017	April 30, 2017
	$	$
Deferred tax liabilities	**(35,529)**	(23,092)
Deferred tax assets	**-**	4,535
Total deferred income tax	**(35,529)**	(18,557)

Components of income tax are as follows:

	Three months ended October 31,		**Six months ended October 31,**	
	2017	2016	**2017**	2016
Current tax	**1,574**	287	**2,748**	1429
Deferred tax	**628**	56	**580**	(834)
	2,202	343	**3,328**	595

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

10. DEBT

At amortized cost	**October 31, 2017** **$**	April 30, 2017 $
Long-term debt	**69,180**	78,330
Current	**13,000**	11,750
Non-current	**56,180**	66,580
	69,180	78,330

The Corporation has a senior secured debt facility consisting of a $70 million term facility ("Term Credit Facility") and an $80 million revolving facility ("Revolving Facility"), collectively the "Credit Facilities". The Term Credit Facility is repayable by April 2020 with quarterly principal repayments of $2,000,000 until July 31, 2017 and increasing to $3,250,000 thereafter, bearing interest at variable rates based on the total debt ratio. The Revolving Facility is payable in full by April 2019 and includes a cash sweep mechanism. Additional draw-downs on the Revolving Facility are permitted for future qualifying royalty and streaming acquisitions.

The Corporation is amortizing costs attributable to securing Credit Facilities over the life of the Term Credit Facility using an effective interest rate of 5.78% and over the life of the Revolving Facility on a straight-line basis. During the six months ended October 31, 2017 $330,000 (2016 - $342,000) of the costs were recognized in the statement of earnings.

In accordance with the terms of the Credit Facilities the Corporation has repaid $8,677,000 during the six months ended October 31, 2017, of which $5,250,000 represented required quarterly principal repayments on the Term Credit Facility. The balance of $3,427,000 ($2,500,000 US) was paid on the Revolving Facility.

As at October 31, 2017 the Corporation was in compliance with all debt covenants.

The following principal repayments for the New Credit Facilities are required over the next 5 years.

	Term **$**	Revolver **$**	Total **$**
2018	13,000	-	13,000
2019	13,000	13,508	26,508
2020	30,750	-	30,750
2021	-	-	-
2022	-	-	-
	56,750	13,508	70,258
Less: unamortized debt costs			1,078
			69,180

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

11. REVENUE AND GENERAL AND ADMINISTRATIVE

Revenue

	Three months ended October 31,		**Six months ended October 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Royalty and stream	**8,646**	5,096	**16,301**	9,186
Interest and investment	**3,420**	317	**5,089**	660
Other	**108**	50	**371**	205
Total revenue	**12,174**	5,463	**21,761**	10,051

General and administrative expenses

	Three months ended October 31,		**Six months ended October 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Salaries and benefits	**1,049**	917	**1,592**	1,767
Office and administrative	**332**	238	**569**	457
Professional and consulting fees	**155**	479	**365**	638
Travel and accommodations	**139**	157	**215**	197
Total general and administrative	**1,675**	1,791	**2,741**	3,059

12. SHARE CAPITAL

Shares repurchased

On August 11, 2016 the Corporation re-instated its Normal Course Issuer Bid "(NCIB") which commenced August 22, 2016 and ended August 21, 2017 whereby the Corporation could purchase, at market price, up to 2,171,282 common shares. Under this NCIB the Corporation repurchased and cancelled 264,689 common shares, 174,689 of which were purchased and cancelled during the six months ended October 31, 2017 at a cost of $1,911,000.

The Corporation renewed its NCIB which commenced August 22, 2017 and will end no later than August 21, 2018. The Corporation may purchase at market price up to 2,038,535 common shares representing approximately 4.7% of its 43,208,291 outstanding shares as of August 11, 2017. There have been no shares repurchased under the newly issued NCIB.

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

12. SHARE CAPITAL (CONTINUED)

Net earnings per share

	Three months ended October 31,		Six months ended October 31,	
	2017	2016	**2017**	2016
Weighted average number of shares:				
Basic	**43,197,367**	43,378,436	**43,266,119**	43,338,404
Diluted	**43,399,464**	43,524,198	**43,461,236**	43,481,902

Other equity reserves

Other equity reserves consist of share-based payment reserves of $2,853,000, contributed surplus of $3,068,000 and warrants of $6,953,000 for a total of $12,874,000. Share-based payment reserve amounts are in respect of stock options, deferred share units (“DSUs”) and restricted share units (”RSUs”).

Preferred securities

On April 26, 2017 the Corporation executed an agreement with Fairfax Financial Holdings Limited and certain of its subsidiaries (collectively “Fairfax”) which will allow Fairfax to invest up to $100,000,000 in the Corporation’s preferred securities and common share purchase warrants. Fairfax agreed to purchase, on a private placement basis, a $10, 5% preferred security, in an aggregate amount of up to $100,000,000, issuable in tranches of not less than $25,000,000. The Corporation closed the sale of two tranches of the preferred securities on April 26, 2017 and August 11, 2017 for $25,000,000 each for total outstanding securities of $50,000,000 at October 31, 2017. The preferred securities are subordinate secured securities that may be repaid by the Corporation at any time after April 26, 2022 and at any time after April 26, 2020 if the volume-weighted average trading price of its common shares for any 10-day period after April 26, 2020 is at least $24 per share. The preferred securities have a maturity date of April 26, 2102 and are considered an instrument consisting of both debt and equity. At October 31, 2017, the Corporation used a net present value calculation and determined that the debt component is nominal given the maturity date and, as a result, the preferred securities are presented as equity in the condensed consolidated financial statements.

During the six months ended October 31, 2017, the Corporation recorded $237,000 of additional issuance costs which were recorded against equity, and were reported net of deferred tax of $100,000. The Corporation paid issuance costs of $424,000 which included certain April 30, 2017 amounts as well as costs incurred during the quarter. The interest period for the preferred securities is quarterly and commenced July 31, 2017. Distributions declared to the security holders for the six months ended October 31, 2017 totaled $928,000. During the quarter ended October 31, 2017, the Corporation paid $332,000 for the July 31, 2017 distribution. The October 31, 2017 distribution of $596,000 was paid November 15, 2017.

On April 26, 2017 the Corporation also issued 6,670,000 common share purchase warrants, exercisable at $15 per share, which will vest proportionately based on the aggregate amount of preferred securities purchased by the Fairfax entities under the private placement. The Corporation assigned a fair value of $3,003,000 to the warrants that vested on August 11, 2017 using the Black-Scholes option pricing model.

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

13. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	Three months ended October 31,		Six months ended October 31,	
	2017	2016	**2017**	2016
	$		**$**	$
Stock option expense	**101**	71	**304**	209
Directors' deferred share unit expense	**256**	208	**272**	224
Restricted share unit expense	**128**	96	**234**	190
	485	375	**810**	623

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended October 31,	
	2017	2016
	$	$
Adjustments for operating activities:		
Generative exploration	**237**	628
Exploration and evaluation assets abandoned or impaired	**469**	-
Share-based compensation	**810**	623
Unrealized foreign exchange (gain) loss	**(1,086)**	1,204
Amortization and depletion	**7,286**	5,540
Non-cash other revenue	**(298)**	-
Interest on long-term debt	**2,700**	4,929
Interest paid	**(2,348)**	(2,912)
Gain on disposal of investments	**(1,724)**	(5,541)
Unrealized gain on fair value adjustment of derivative	**(628)**	-
Accretion of convertible debenture	**(310)**	-
Earnings from joint ventures	**(7,629)**	(5,755)
Share of loss in associates	**843**	-
Income taxes	**3,328**	595
Income taxes paid	**(2,082)**	(1,680)
	(432)	(2,369)
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**109**	(625)
Accounts payable and accrued liabilities	**(591)**	(181)
	(482)	(806)
Cash and cash equivalents consist of:		
Deposits with banks	**28,951**	11,914
Short-term investments	**-**	1,238
	28,951	13,152

15. RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2017 the Corporation billed a joint venture $37,000 (2016 - $144,000) and an associate $47,000 (2016 - $nil) for reimbursement of property, exploration, consulting, professional and general administrative expenses. During the six months ended October 31, 2017 the Corporation billed a joint venture $39,000 (2016 - $158,000) and an associate $96,000 (2016 - $nil) for reimbursement of property, exploration, consulting, professional and general administrative expenses.

During the three months ended October 31, 2017 the Corporation paid compensation to key management personnel and directors of $366,000 (2016 - $350,000) related to salaries and benefits and incurred $485,000 (2016 - $375,000) in share-based compensation costs. During the six months ended October 31, 2017 the Corporation paid compensation to key management personnel and directors of $1,863,000 (2016 - $1,446,000) related to salaries and benefits and incurred $810,000 (2016 - $623,000) in share-based compensation costs.

Strauss Partners Ltd., which is owned by director Jamie Strauss, was paid $50,000 (GBP 30,000) during the three and six months ended October 31, 2016 for marketing and investor relations services.

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the condensed consolidated balance sheets 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; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return, and;

Level 3 – valuation techniques with significant unobservable market inputs.

Fair values of the Corporation's financial assets and financial liabilities were determined as follows:

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at October 31, 2017:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Convertible debenture	**-**	**10,938**	**-**	**10,938**
Mining and other investments	**83,013**	**-**	**-**	**83,013**
TOTAL FINANCIAL ASSETS	**83,013**	**10,938**	**-**	**93,951**
FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**

As at April 30, 2017:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	857	-	-	857
Mining and other investments	44,523	-	-	44,523
TOTAL FINANCIAL ASSETS	45,380	-	-	45,380
FINANCIAL LIABILITIES	-	-	-	-

Risk Management

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

A summary of the major financial instrument risks and the Corporation’s approach to the management of these risks are included in the April 30, 2017 annual consolidated financial statements.

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

17. SEGMENTED INFORMATION

Key measures used by the chief operating decision maker in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) (''adjusted EBITDA'') and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. Revenue and expenses from the LNRLP and Prairie Royalties joint ventures (see Note 5) are included in the Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table.

Reportable Segments

Three months ended October 31, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	**17,939**	**108**	**18,047**	**(5,873)**	**12,174**
Costs and Expenses					
General and administrative	1,140	604	1,744	(69)	1,675
Cost of sales - copper stream	1,448	-	1,448	-	1,448
Generative exploration	-	146	146	-	146
Mineral rights and leases	-	75	75	-	75
Adjusted EBITDA	15,351	(717)	14,634	(5,804)	8,830
Share-based compensation	(315)	(170)	(485)	-	(485)
Amortization and depletion	(5,083)	-	(5,083)	1,800	(3,283)
Earnings from joint ventures	-	-	-	4,004	4,004
Gain on disposal of investments	694	837	1,531	-	1,531
Foreign exchange gain	(104)	-	(104)	-	(104)
Unrealized gain on fair value adjustment of derivative	109	-	109	-	109
Exploration and evaluation assets abandoned or impaired	-	(190)	(190)	-	(190)
Share of loss in associates	-	(158)	(158)	-	(158)
Interest on long-term debt	(1,304)	-	(1,304)	-	(1,304)
Earnings before income taxes	9,348	(398)	8,950	-	8,950
Income taxes (current and deferred)					2,202
Net earnings					**6,748**

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

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Six months ended October 31, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	33,039	371	33,410	(11,649)	21,761
Costs and Expenses					
General and administrative	2,118	1,087	3,205	(464)	2,741
Cost of sales - copper stream	2,487	-	2,487	-	2,487
Generative exploration	-	237	237	-	237
Mineral rights and leases	-	223	223	-	223
Adjusted EBITDA	28,434	(1,176)	27,258	(11,185)	16,073
Share-based compensation	(526)	(284)	(810)	-	(810)
Amortization and depletion	(10,842)	-	(10,842)	3,556	(7,286)
Earnings from joint ventures	-	-	-	7,629	7,629
Gain on disposal of investments	694	1,030	1,724	-	1,724
Foreign exchange gain	622	-	622	-	622
Unrealized gain on fair value adjustment of derivative	628	-	628	-	628
Exploration and evaluation assets abandoned or impaired	-	(469)	(469)	-	(469)
Share of loss in associates	-	(843)	(843)	-	(843)
Interest on long-term debt	(2,700)	-	(2,700)	-	(2,700)
Earnings before income taxes	16,310	(1,742)	14,568	-	14,568
Income taxes (current and deferred)					3,328
Net earnings					11,240

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Total Assets	402,259	46,167	448,426	-	448,426
Cash flow from (used)					
Operating activities	22,476	(939)	21,537	(11,211)	10,326
Financing Activities	11,060	-	11,060	-	11,060
Investing Activities	(36,363)	(2,113)	(38,476)	11,211	(27,265)
Total cash flow (used)	(2,827)	(3,052)	(5,879)	-	(5,879)

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

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Three months ended October 31, 2016

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	9,916	50	9,966	(4,503)	5,463
Costs and Expenses					
General and administrative	1,235	711	1,946	(155)	1,791
Cost of sales - copper stream	684	-	684	-	684
Generative exploration	-	433	433	-	433
Mineral rights and leases	-	117	117	-	117
Adjusted EBITDA	7,997	(1,211)	6,786	(4,348)	2,438
Share-based compensation	(244)	(131)	(375)	-	(375)
Amortization and depletion	(4,182)	(33)	(4,215)	1,284	(2,931)
Earnings from joint ventures	-	-	-	3,064	3,064
Gain on disposal of investments	-	357	357	-	357
Foreign exchange loss	(444)	-	(444)	-	(444)
Interest on long-term debt	(1,479)	-	(1,479)	-	(1,479)
Earnings before income taxes	1,648	(1,018)	630	-	630
Income taxes (current and deferred)					343
Net earnings					287

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

17. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Six months ended October 31, 2016

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue	18,171	205	18,376	(8,325)	10,051
Costs and Expenses					
General and administrative	2,050	1,231	3,281	(222)	3,059
Cost of sales - copper stream	948	-	948	-	948
Generative exploration	-	628	628	-	628
Mineral rights and leases	64	266	330	-	330
Adjusted EBITDA	15,109	(1,920)	13,189	(8,103)	5,086
Share-based compensation	(405)	(218)	(623)	-	(623)
Amortization and depletion	(7,853)	(35)	(7,888)	2,348	(5,540)
Earnings from joint ventures	-	-	-	5,755	5,755
Gain on disposal of investments	-	5,541	5,541	-	5,541
Foreign exchange loss	(1,370)	-	(1,370)	-	(1,370)
Interest on long-term debt	(4,929)	-	(4,929)	-	(4,929)
Earnings before income taxes	552	3,368	3,920	-	3,920
Income taxes (current and deferred)					595
Net earnings					3,325

Supplementary information	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Total Assets	**419,540**	**46,524**	**466,064**	**-**	**466,064**
Cash flow from (used)					
Operating activities	**9,538**	**(1,436)**	**8,102**	**(7,952)**	**150**
Financing Activities	**51,952**	**-**	**51,952**	**-**	**51,952**
Investing Activities	**(65,416)**	**8,937**	**(56,479)**	**7,952**	**(48,527)**
Total cash flow (used)	**(3,926)**	**7,501**	**3,575**	**-**	**3,575**

18. SUBSEQUENT EVENTS

Wolfden

During the quarter, the Corporation announced the acquisition of a 1.35% gross sales royalty and an option on a further 0.5% GSR on Wolfden Resources Corporation's ("Wolfden") recently acquired Pickett Mountain base metals project in Maine, USA for US$6 million. The royalty is partially secured with ancillary timber rights attached to the property and is convertible at the Corporation's election under certain circumstances into a similar royalty on Wolfden's Orvan Brook project or Wolfden common equity. Concurrent with the royalty financing, the Corporation has also subscribed for 14,200,000 equity units at C$0.25 per unit. Each equity unit consists of one common share and a half warrant exercisable at C$0.35 for 5 years. Pickett Mountain features very high-grade zinc-lead-copper-silver mineralization in historic drill holes and Wolfden intends to carry out an aggressive work program to validate the historic results, prepare a NI 43-101 compliant resource estimate and explore for additional mineralization. The Corporation closed this deal in November 2017.

McChip

Subsequent to the quarter in November 2017 the Corporation acquired additional mineral land areas and related royalty interests at Rocanville from McChip Resources Inc. for a total of $8 million in up-front and future payments. These lands cover newly developed production areas within the mine that support its recently commissioned nameplate capacity expansion from 2.5 to 6.5 million tonnes per year.

Preferred securities

Subsequent to the quarter on November 10, 2017 the Corporation closed the third and final tranche of the preferred securities from Fairfax for $50,000,000.