ALTIUS MINERALS CORPORATION

Consolidated Financial Statements
For the years ended
April 30, 2009 and 2008

ALTIUS MINERALS CORPORATION

Table of Contents

ALTIUS MINERALS CORPORATION

Auditors' Report

To the Shareholders of Altius Minerals Corporation

We have audited the consolidated balance sheets of Altius Minerals Corporation as at April 30, 2009 and 2008 and the consolidated statements of earnings, shareholder's equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
St. John's, Newfoundland and Labrador
June 18, 2009

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

(In thousands of dollars)

As at April 30,

	2009	2008
	$	$
Assets		
Current assets		
Cash and cash equivalents	**79,331**	168,172
Marketable securities	**78,420**	-
Accounts receivable and prepaid expenses	**1,259**	1,613
Income taxes receivable	**146**	6,668
	159,156	176,453
Mineral properties and deferred exploration costs (Note 5)	**7,014**	2,517
Royalty interest in mineral property (Note 6)	**11,578**	12,469
Property and equipment (Note 7)	**444**	165
Equity investments and loans (Note 8)	**3,600**	6,876
Mining and mineral related investments (Note 9)	**7,086**	20,421
Fair value of equity forward (Note 14)	**-**	30,335
Fair value of share purchase warrants	**-**	13
	188,878	249,249
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**697**	977
Future income taxes (Note 10)	**733**	835
	1,430	1,812
Future income taxes (Note 10)	**436**	3,021
Long-term debt (Note 15)	**-**	38,115
	1,866	42,948
Shareholders' Equity	**187,012**	206,301
	188,878	249,249

Commitments (Note 22)
Contingent liability (Note 23)
Subsequent event (Note 24)

Approved by the Board,

"John A. Baker", Director   "Brian F. Dalton", Director

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Earnings

(In thousands of dollars, except per share amounts)

For the years ended April 30,

	2009	2008
	$	$
Revenue		
Interest	**4,858**	6,632
Royalty	**4,088**	5,162
Other	**442**	460
	9,388	12,254
Expenses		
General and administrative	**2,573**	2,170
Amortization	**968**	781
Stock-based compensation (Note 13)	**887**	967
Royalty tax	**818**	1,429
Mineral properties abandoned or impaired (Note 5)	**611**	549
	5,857	5,896
Earnings before the following	**3,531**	6,358
Interest and financing charges	**(1,334)**	(1,645)
Gain on disposal of mining and mineral related investments	**-**	61,637
Gain on disposal of mineral property	**-**	234
Gain on settlement of equity forward (Note 14)	**38,180**	-
Dilution gain on issuance of shares by equity investment	**-**	3,541
Impairment provision on equity investments (Note 8)	**(2,170)**	(22,101)
Impairment provision on demand loan receivable (Note 8)	**-**	(30,093)
Write-down of mining and mineral related investments (Note 9)	**(2,907)**	-
Share of loss in equity investments	**(438)**	(707)
Change in fair value of share purchase warrants	**(14)**	(1,008)
Earnings before income taxes	**34,848**	16,216
Income taxes (Note 10)		
Current	**2,375**	7,561
Future	**3,972**	(3,439)
	6,347	4,122
Net earnings	**28,501**	12,094
Net earnings per share (Note 12)		
- basic	**0.97**	0.41
- diluted	**0.97**	0.40

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Cash Flows

(In thousand of dollars)

For the years ended April 30,

	2009	2008
	$	$
Operating activities		
Net earnings	**28,501**	12,094
Items not affecting cash (Note 17)	**(25,133)**	(11,115)
	3,368	979
Change in non-cash operating working capital (Note 17)	**6,562**	(22,026)
	9,930	(21,047)
Financing activities		
Proceeds from issuance of share capital	**357**	50,901
Repurchase of common shares	**(15,214)**	(2,598)
	(14,857)	48,303
Investing activities		
Proceeds from disposal of investments	**-**	77,850
Mineral properties and deferred exploration costs, net of recoveries	**(4,886)**	(1,991)
Investment in marketable securities	**(78,420)**	-
Investment in equity - accounted investment	**-**	(19,113)
Advance to equity - accounted investment	**-**	(30,093)
Acquisition of mining and mineral related investments	**(279)**	-
Acquisition of property and equipment	**(355)**	(63)
Decrease (increase) in accounts receivable - related companies	**36**	(29)
Other investing	**(10)**	71
	(83,914)	26,632
Net (decrease) increase in cash and cash equivalents	**(88,841)**	53,888
Cash and cash equivalents, beginning of year	**168,172**	114,284
Cash and cash equivalents, end of year	**79,331**	168,172

Cash and cash equivalents consist of:		
Deposits with banks	**727**	2,317
Short-term investments	**78,604**	165,855
	79,331	168,172

Supplemental cash flow information (Note 17)

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Shareholders' Equity

(In thousands of dollars, except share amounts)

For the year ended April 30, 2009

	Common Shares (Note 11) #	Common Shares (Note 11) $	Contributed Surplus $	Accumulated Other Comprehensive Earnings (Note 16) $	Retained Earnings $	Total Shareholders' equity $
Balance, beginning of year	**30,925,725**	**77,933**	**2,197**	**29,829**	**96,342**	**206,301**
Comprehensive earnings:						
Net earnings	**-**	**-**	**-**	**-**	**28,501**	**28,501**
Currency translation adjustment (net of income taxes of $93)	**-**	**-**	**-**	**(574)**	**-**	**(574)**
Net unrealized losses on available-for-sale investments (net of income taxes of $1,005)	**-**	**-**	**-**	**(5,461)**	**-**	**(5,461)**
Reclassification adjustment for gains on available-for-sale investments recognized in net earnings (net of income taxes of $556)	**-**	**-**	**-**	**(2,812)**	**-**	**(2,812)**
Gain on derivative financial instrument designated as a cash flow hedge prior to settlement (net of income taxes of $1,303)	**-**	**-**	**-**	**6,593**	**-**	**6,593**
Reclassification adjustment for gain on derivative financial instrument designated as a cash flow hedge included in net earnings (net of income taxes of $6,308)	**-**	**-**	**-**	**(31,923)**	**-**	**(31,923)**
Total comprehensive earnings (loss)						**(5,676)**
Shares repurchased under normal course issuer bid	**(2,659,530)**	**(6,714)**	**-**	**-**	**(8,500)**	**(15,214)**
Stock - based compensation	**-**	**-**	**887**	**-**	**-**	**887**
Stock - based compensation applied to mineral properties	**-**	**-**	**357**	**-**	**-**	**357**
Shares issued under stock option plan	**105,000**	**594**	**(237)**	**-**	**-**	**357**
Balance, end of year	**28,371,195**	**71,813**	**3,204**	**(4,348)**	**116,343**	**187,012**

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Shareholders' Equity (continued)

(In thousands of dollars, except share amounts)

For the year ended April 30, 2008

	Common Shares (Note 11)		Contributed Surplus	Accumulated Other Comprehensive Earnings (Note 16)	Retained Earnings	Total Shareholders' equity
	#	$	$	$	$	$
Balance, beginning of year	28,787,825	25,886	1,312	215	85,779	113,192
Accounting change	-	-	-	94,535	841	95,376
Adjusted balance beginning of year	28,787,825	25,886	1,312	94,750	86,620	208,568
Comprehensive earnings:						
Net earnings	-	-	-	-	12,094	12,094
Currency translation adjustment (net of income taxes of $115)	-	-	-	(570)	-	(570)
Net unrealized losses on available-for-sale investments (net of income taxes of $9,267)	-	-	-	(44,509)	-	(44,509)
Reclassification adjustment for disposals of available-for-sale investments included in net earnings (net of income taxes of $10,498)	-	-	-	(51,752)	-	(51,752)
Unrealized gain on derivative financial instrument designated as a cash flow hedge (net of income taxes of $6,306)	-	-	-	31,910	-	31,910
Total comprehensive earnings (loss)						(52,827)
Shares repurchased under normal course issuer bid	(154,100)	(226)	-	-	(2,372)	(2,598)
Stock - based compensation	-	-	967	-	-	967
Stock - based compensation applied to mineral properties	-	-	192	-	-	192
Shares issued under bought deal financing	1,900,000	51,172	-	-	-	51,172
Shares issued under stock option plan	392,000	1,101	(274)	-	-	827
Balance, end of year	30,925,725	77,933	2,197	29,829	96,342	206,301

1. NATURE OF OPERATIONS

Altius Minerals Corporation's (the "Corporation") principal business activities include the generation and acquisition of projects related to natural resources opportunities. In general, the Corporation prefers to create partnerships or corporate structures related to the opportunities it develops, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The consolidated financial statements are prepared in accordance with Canadian generally accepted account principles ("GAAP") and include the accounts of the Corporation and its wholly owned subsidiary, Altius Resources Inc. and 10% of the assets, liabilities, revenue and expenses of Labrador Nickel Royalty Limited Partnership, of which the Corporation owns 10% of the outstanding units. All inter-company transactions have been eliminated upon consolidation.

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 held for trading and are adjusted to fair market value at each balance sheet reporting date, with the corresponding adjustment going to current period earnings.

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 held for trading and are adjusted to fair market value at each balance sheet reporting date, with the corresponding adjustment going to current period earnings.

Investments

Investments in companies over which the Corporation exercises significant influence are accounted for using the equity method. Mining and mineral related investments under which the Corporation cannot exert significant influence are recorded initially at cost and adjusted to reflect changes in the fair value. All mining and mineral related investments are classified as available for sale and any subsequent changes in the fair value are recorded in other comprehensive earnings. 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 in the period of the determination. The fair value of the investments is based on the quoted market price on the closing date of the period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and receivables

Financial assets which are classified as loans and receivable are measured at amortized cost using the effective interest method, which corresponds to par value due to their short-term maturity.

Mineral properties and deferred exploration costs

Mineral properties and deferred exploration costs include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of salaries based on time spent, an allocation of stock-based compensation costs 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 shares at the date of acquisition.

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.

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 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 operations in the year of abandonment or impairment of value. 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 commercial production 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

mineral property. The production stage royalty interest is recorded initially at its cost and is being amortized using the units of production method over the life of the mineral property, which is determined using available estimates of proven and probable reserves.

Asset retirement obligations

The Corporation recognizes a liability for retirement obligations 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 liability for an asset retirement obligation 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 credit adjusted risk-free interest rate. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of earnings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. 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 asset retirement obligations relating to its activities to April 30, 2009.

Property and equipment

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

Computer equipment	30% declining balance
Computer software	100% straight line
Geological equipment	30% declining balance
Office equipment	20% declining balance
Leasehold improvements	over the remaining lease term
Building	4% declining balance

Revenue recognition

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. Interest income is recognized on an accrual basis. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the rates for amortization of the royalty interest, future income taxes, assessments of the recoverability of deferred exploration expenditures, the carrying value of the equity investments, the recoverability of accounts receivable and loans, the determination of the provision for future removal and site restoration costs, and the assumptions used in the determination of the fair value of stock-based compensation.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements from changes in such estimates in future periods could be significant.

Income taxes

The Corporation follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rates for the years in which the differences are expected to reverse. Future income tax assets are recognized to the extent it is more likely than not they will be realized.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenue and expenses are translated at the average exchange rates prevailing during the period. Gains and losses on translation of monetary assets and liabilities are included in the determination of net income for the year.

Self–sustaining subsidiaries and equity investments with non-Canadian dollar functional currencies are accounted for using the current rate method, whereby the assets and liabilities are translated at the rate in effect at the balance sheet date and the revenue and expenses are translated using the average exchange rate for the period. The resulting translation adjustment is recorded as a separate component of accumulated other comprehensive earnings until there is a reduction in the net investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock-based compensation

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 contributed surplus. When options are exercised, the corresponding contributed surplus and the proceeds received by the Corporation are credited to share capital.

Diluted earnings per share

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.

3. ADOPTION OF NEW ACCOUNTING POLICIES

Financial Instruments – Disclosures and Financial Instruments – Presentation

The Corporation adopted CICA Handbook sections entitled "Financial Instruments – Disclosures" (section 3862) and "Financial Instruments – Presentation" (section 3863), which replaced "Financial Instruments – Disclosure and Presentation" (section 3861). The new disclosures standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements and is effective for the Corporation's interim and annual reporting periods beginning May 1, 2008. The new disclosure is included in note 20 to the consolidated financial statements.

Capital Disclosures

CICA Handbook section entitled "Capital Disclosures" (section 1535) was adopted by the Corporation effective May 1, 2008. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Corporation's objectives, policies and processes for managing capital. This new disclosure is included in note 21 to the consolidated financial statements.

3. ADOPTION OF NEW ACCOUNTING POLICIES (CONTINUED)

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which provides further information on determining the fair value of financial assets and financial liabilities under Section 3855, Financial Instruments – Recognition and Measurement. The Abstract states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this Abstract had no impact on the financial statements of the Corporation.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011 with appropriate comparative data from the prior year. Under IFRS, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that will need to be address by management. The Corporation is currently assessing the impacts of the conversion on its consolidated financial statements.

Goodwill and Intangible Assets

In February 2008, the Canadian Accounting Standards Board issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Corporation's interim and annual financial statements commencing on May 1, 2009. The Corporation does not expect that the adoption of this standard to have a material impact on its consolidated financial statements.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Project	Note	As at April 30, 2008	Additions, net of recoveries	Abandoned or impaired	As at April 30, 2009
		$	$	$	$
Labrador					
Kamistaitusset - Iron Ore	a	380	1,861	-	2,241
Labrador Trough - Base metals	b	130	475	(1)	604
Natashquan River - Nickel		131	110	-	241
Notakwanon River - Uranium	c	128	11	(13)	126
Nuiklavik - Uranium	d	74	(5)	-	69
Western Labrador - Iron Ore	e	7	7	-	14
Alexis River - Uranium	f	-	-	-	-
Wabush - Silica	g	1	3	(4)	-
Other		131	167	(298)	-
Newfoundland					
Topsails - Uranium	h	175	681	(21)	835
Viking - Gold	i	58	(19)	-	39
Rocky Brook - Uranium	j	40	-	-	40
Mustang Trend - Gold		32	5	-	37
White Bay - Gold		-	24	-	24
Boxey - Uranium	k	-	20	-	20
Moosehead - Gold	l	13	2	-	15
St. George's Bay - Potash	m	26	(26)	-	-
Berry Hills - Uranium	n	-	2	(2)	-
Taylor Brook - Nickel	o	17	(17)	-	-
South Tally Pond - Base metals	p	-	-	-	-
Other		16	(1)	(11)	4
New Brunswick and Nova Scotia					
New Brunswick Oil Shale	q	481	1,806	-	2,287
Nova Scotia Potash - Potash		-	86	-	86
General Exploration					
GENEX - General Exploration		-	115	(115)	-
Security Deposit					
Security Deposit	r	677	(199)	(146)	332
Grand Total		**2,517**	**5,108**	**(611)**	**7,014**

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

Project	Note	As at April 30, 2007	Additions, net of Recoveries	Abandoned or impaired	As at April 30, 2008
		$	$	$	$
Labrador					
Kamistaitusset - Iron Ore	a	58	322		380
Labrador Trough - Base metals	b	50	80		130
Natashquan River - Nickel		-	131		131
Notakwanon River - Uranium	c	145	(17)		128
Nuiklavik - Uranium	d	73	1		74
Alexis River - Uranium	f	14	(14)		-
Wabush - Silica	g	-	1		1
Other		45	133	(40)	138
Newfoundland					
Topsails - Uranium	h	-	175	-	175
Viking - Gold	i	68	(10)		58
Rocky Brook - Uranium	j	(13)	53		40
Mustang Trend - Gold		5	27		32
Boxey - Uranium	k	-	-	-	-
Moosehead - Gold	l	9	4		13
St. George's Bay - Potash	m	-	26	-	26
Berry Hills - Uranium	n	-	-	-	-
South Tally Pond - Base metals	o	149	(149)		-
Taylor Brook - Nickel	p	71	(54)		17
Chapel Island - Nickel			155	(155)	-
Other		263	12	(259)	16
New Brunswick					
New Brunswick Oil Shale	q	105	376	-	481
General Exploration					
GENEX - General Exploration		-	95	(95)	-
Security Deposit					
Security Deposit	r	323	354	-	677
Grand Total		**1,365**	**1,701**	**(549)**	**2,517**

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

The Corporation acquires mineral properties from regulatory bodies and from third party vendors. In addition, the Corporation vends some or a portion of its mineral properties to third parties in exchange for exploration expenditures, royalty interests, and cash and share based payments. The underlying agreements on each of the respective properties is as follows:

a – Kamistaitusset

The Corporation entered into an agreement with Norvista Resources Corp. ("Norvista") regarding the potential creation of a new public company to explore and develop its Kamistaitusset iron ore project in the Labrador West region. Under the terms of the agreement, the Corporation is responsible for the first year exploration work and Norvista is responsible for the creation of a new public company under certain valuation parameters and time limits.

b - Labrador Trough

The Corporation has a signed a joint alliance agreement with Cornerstone Capital Resources Inc. ("Cornerstone") to explore copper and other base metal deposits in the Labrador Trough area of Western Labrador and Southeastern Quebec. Both companies contributed their respective mineral land holdings and have conjointly staked additional claims and will contribute equally to fund exploration programs. Cornerstone is the project operator. The companies are soliciting expressions of interest from major mining companies as prospective joint alliance partners to undertake exploration on this property.

c – Notakwanon

Golden Cross Resources ("Golden Cross") signed an agreement with the Corporation whereby Golden Cross may earn a 50% interest in the Notakwanon uranium/base metal project in central Labrador. Golden Cross may issue 25,000,000 shares and spend $3,500,000 on exploration expenditures by August 2013. The project is subject to royalties held by the Corporation, which includes a 2% gross sales royalty on uranium and a 2% net smelter return on other metals. The Corporation has received 3,000,000 shares to date and the agreement remains in good standing.

d – Nuiklavik

Golden Cross signed an agreement with the Corporation whereby Golden Cross may earn a 50% interest in the Nuiklavik uranium project in central Labrador. Golden Cross may issue 15,000,000 shares and spend $2,000,000 on exploration by August 2012. The project is subject to royalties held by the Corporation, which includes a 2% gross sales royalty on uranium and a 2% net smelter return on other metals. The Corporation has received 2,000,000 shares to date and the agreement was in good standing as of April 30, 2009. The Corporation received notice subsequent to year-end that Golden Cross intends to withdraw from the agreement.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

e – Labrador West

Kennecott Exploration Company (“Kennecott”) may earn up to a 51% interest in the Labrador West mineral properties by incurring $3,000,000 in exploration expenditures by December 2011 or may earn a 70% interest in the properties by incurring $7,000,000 in exploration expenditures by December 2013. This project is also subject to 3% gross overriding royalty in favor of the Corporation, subject to a buy-back of 1% for $10,000,000. The agreement remains in good standing.

f - Alexis River

Monroe Minerals Inc. (“Monroe”) may earn up to a 60% interest in the Corporation’s Alexis River uranium project in southeast Labrador by paying up to 2,500,000 shares and spending up to $1,250,000 on exploration by July 2011. This project is also subject to royalties in favor of the Corporation. The Corporation has received 1,000,000 shares to date and the agreement remains in good standing.

g - Wabush

The Corporation acquired the rights to the Wabush silica property in western Labrador from a prospector for a cash payment of $3,000 and an underlying 2% gross sales royalty on any future production on the property. The Corporation may reduce the underlying gross sales royalty to 1% through an additional payment of $1,000,000.

h - Topsails Uranium

The Corporation and JNR Resources Inc. (“JNR”) have established a 50/50 cost shared agreement to explore for volcanic-hosted uranium 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. JNR has also agreed to make an initial 50,000 share payment to the Corporation and an additional 50,000 share payment on the first anniversary, both of which have been received.

i - Viking

The Corporation acquired the rights to the Viking gold property in Western Newfoundland by paying $30,000 to a prospector. As part of the acquisition there is an underlying 1% net smelter return that can be reduced to 0.5% by paying and additional $500,000 to the prospector.

Northern Abitibi Mining Corporation (“Northern Abitibi“) may earn up to a 51% interest in the Corporation’s Viking gold project by issuing up to 1,115,000 shares of Northern Abitibi and spending up to $1,200,000 on exploration by July 2011. Upon earn-in, the net smelter return obligation of the initial property purchase will transfer to the joint venture. To date, 225,000 shares have been received and the agreement remains in good standing.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

j - Rocky Brook

The Corporation acquired the rights to the Rocky Brook uranium property in Western Newfoundland 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 part of the obligations of the joint alliance.

k - Boxey

The Corporation may acquire a 100% interest in the Boxey property located in the southeastern island portion of Newfoundland and Labrador for cash payments of $50,000 over a three year period. The Corporation must make one additional payment of $25,000 to the original holder to earn full title to the property. In addition, upon commencement of production on any part of the property, the Corporation agrees to pay an additional $500,000 in cash or equivalent value common shares.

Monroe may earn a 60% interest in the Corporation’s Boxey property by spending $1,000,000 in exploration expenditures by January 2012 and by granting the Corporation 2,000,000 shares. To date, the Corporation has received 800,000 Monroe shares under the agreement and the agreement remains in good standing.

l - Moosehead

The Corporation acquired the mineral rights to the Moosehead gold property in Western Newfoundland 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 in future exploration and development expenditures or accept 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 alliance.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

m - St. Georges Potash

Sprott Resources Corporation ("Sprott") may earn a 50.1% interest in the Corporation's St. Georges Potash project located in western Newfoundland. To earn this interest Sprott must spend $1,500,000 in exploration expenditures by May 2011 and may earn an additional 10% by spending an additional $1,000,000 in exploration expenditures. The project is subject to a 2% gross overriding royalty in favour of the Corporation. The agreement is in good standing as of the end of the year.

n - Berry Hill

Monroe signed an agreement whereby they would earn a 60% interest in the Corporation's Berry Hill project located in the southeastern island portion of Newfoundland and Labrador by granting 500,000 shares to the Corporation and incurring total exploration expenditures of $475,000 by January 2012. The Corporation has received 100,000 shares to date under this agreement. Monroe and the Corporation agreed to terminate this agreement in December 2008.

o - South Tally Pond

The Corporation has earned a 100% interest in the property, subject to the retention by the vendor of a 2% royalty, and the right by the vendor to purchase up to 100% of concentrate produced from the property on a commercially competitive basis. In addition, upon commencement of production on any part of the property, the Corporation agrees to either issue to the vendor 1,000,000 common shares or, in the event that the Corporation assigns its interest to a third party, 1,000,000 common shares pro-rated to the participating interests of the Corporation and the third party, or pay the vendor $2,000,000.

As part of an equity financing agreement with Paragon Minerals Corporation ("Paragon"), Paragon has the right to acquire a 100% undivided ownership interest in the South Tally Pond property by issuing 250,000 common shares to the Corporation upon the effective date of Paragon becoming a publicly listed Company on the TSX Venture Exchange, 250,000 common shares on or before the first anniversary date thereafter, and 500,000 common shares by or before November 2014 or upon completion of a feasibility study. The obligations of the original acquisition agreement have also been transferred to Paragon. The first 500,000 shares have been received from Paragon and the agreement is in good standing.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

p - Taylor Brook

The Corporation acquired the rights to the Taylor Brook nickel property in Western Newfoundland by making payments of $35,000 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.

Northern Abitibi may earn an initial 51% interest in the Taylor Brook property by issuing 500,000 shares, paying $200,000 in cash or equivalent value in shares to the Corporation and by spending $1,200,000 on exploration expenditures by March 2011. Thereafter, the Corporation may elect to form a joint venture with a 49% interest or a sliding scale net smelter return royalty of 1.5% to 3.5% in lieu of a property interest or a 30% property interest with Northern Abitibi spending an additional $4,000,000. Northern Abitibi has made all required share payments and the agreement remains in good standing. Upon earn-in, the net smelter return obligation of the initial property acquisition agreement will become part of the obligations of the joint venture.

q - New Brunswick Oil Shale

The Corporation entered into an agreement with an arm's length third party whereby the third party may select a 400 hectare area within the oil shale project to research and test its oil extraction technology process. The third party will reimburse the Corporation for certain expenditures up to $400,000 and may pay the Corporation $530,000 by February 2013 so long as the agreement remains in effect. The agreement does not provide for commercial production and any oil extracted during the research phase is subject to a 5% royalty payable to the Corporation. To date, the Corporation has received $130,000 under the agreement and the agreement is in good standing.

r – Security Deposits

Security deposits are refundable to the Corporation if a minimum level of exploration expenditures is incurred on the properties. Over the next twelve months the Corporation must incur exploration expenditures of $769,000 for a refund of security deposits in the amount of $332,000.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

6. ROYALTY INTEREST IN MINERAL PROPERTY

Voisey's Bay Royalty

	2009	2008
	$	$
Cost	**13,645**	13,645
Accumulated amortization	**2,067**	1,176
Net book value	**11,578**	12,469

7. PROPERTY AND EQUIPMENT

		2009	
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Computer equipment and software	**297**	**181**	**116**
Office equipment	**88**	**46**	**42**
Geological equipment	**216**	**97**	**119**
Building	**170**	**3**	**167**
	771	**327**	**444**

		2008	
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Computer equipment and software	229	160	69
Office equipment	58	39	19
Geological equipment	129	65	64
Leasehold improvements	28	15	13
	444	279	165

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

8. EQUITY INVESTMENTS AND ADVANCES

	2009	2008
	$	$
Investment in Rambler Metals and Mining plc, (percentage ownership: 20.2%) (market value: April 2009 - $3.6 million; April 2008 - $11.5 million)	**3,600**	6,876
Investment in Newfoundland and Labrador Refining Corporation ("NLRC"), (percentage ownership: 39.6%)	**-**	-
Non-interest bearing demand loan to NLRC, secured by a first charge on the assets, convertible into 1,440,000 common shares at the option of the Corporation (4.6% increase in ownership if exercised)	**30,093**	30,093
Less provision for demand loan impairment	**(30,093)**	(30,093)
	3,600	6,876

Newfoundland and Labrador Refining Corporation

In December 2007, the Corporation advanced $30,093,000 in the form of a convertible demand loan to NLRC. The non-interest bearing demand loan is secured by the assets of NLRC and is convertible at the Corporation's option into 1,440,000 shares of NLRC. The Corporation is the only secured creditor of NLRC. NLRC used the funds to make a milestone payment to IJK consortium regarding the purchase of steel and manufacture of heavy wall vessels, which are considered long-lead time items required for the proposed oil refinery project.

On June 18, 2008, SNC Lavalin, a contractor providing environmental and engineering services to NLRC, served NLRC with a notice of proceedings in the Supreme Court of Newfoundland and Labrador to have NLRC adjudged bankrupt. In response to this filing, NLRC sought and was granted creditor protection under the Bankruptcy and Insolvency Act ("BIA") on June 24, 2008.

In light of the actions taken by SNC Lavalin, the pending BIA proceedings, the financial condition of NLRC as of April 30, 2008 and the financial turmoil in North American markets, the Corporation reassessed the value of its investment and advance to NLRC as at April 30, 2008. Consequently the Corporation made an impairment provision of $22,101,000 against its investment in the equity of NLRC and a $30,093,000 provision against the value of its loan to NLRC..

8. EQUITY INVESTMENTS AND ADVANCES (CONTINUED)

On October 17, 2008, NLRC submitted a proposal to the creditors for a maintenance and care plan for up to 36 months. Under the maintenance and care plan, it was proposed that ongoing costs be kept to a minimum and that all refinery permits would be kept in good standing until such time as the project can be sold or financed when economic conditions improve. In addition, it was proposed that all creditors' claims would be deferred until the end of the maintenance and care period or until the project obtains financing. Following the vote by creditors on the proposal on November 6, 2008, the trustee indicated that the outcome of the vote will depend on the legitimacy of claim amounts submitted as part of the voting procedure and, therefore, recessed to evaluate the various claim amounts. This evaluation process is ongoing.

The Corporation will reassess the value of its investment and loan in future periods as additional information becomes available

Rambler Metals and Mining plc ("Rambler")

The Corporation recorded an impairment charge of $2,170,000 on its investment in Rambler during the year ended April 30, 2009 (2008 - $nil) as a result of continued adverse economic conditions.

In May 2007, Rambler completed a private placement of 9,350,000 units, at a price of $1.50 per unit, for gross proceeds of $14,025,000. Each unit comprises one ordinary share of Rambler and one-half of one ordinary share purchase warrant. Each warrant entitles the holder to purchase one ordinary share at a price of $2.00 until May 23, 2009. Following the transaction the Corporation's ownership interest in Rambler was reduced from 30% to 24% and the Corporation recorded a dilution gain of $2,369,000.

In April 2008, Rambler completed a private placement of 9,660,000 ordinary shares at Great British Pounds (GBP) 0.60 each (CDN - $1.21). Following the transaction the Corporation's ownership interest in Rambler was reduced from 24% to 20.2% and the Corporation recorded a dilution gain of $1,172,000.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

9. MINING AND MINERAL RELATED INVESTMENTS

	2009	2008
	$	$
Aurora Energy Resources Inc.		
(2008 - 2,500,000 shares; Cost - $1.0 million)	**-**	8,700
Other mining related portfolio investments		
(Cost: $10.9 million; 2008: $13.6 million)	**7,086**	11,721
	7,086	20,421

Aurora Energy Resources Inc.

During the year, the Corporation transferred ownership of its remaining 2,500,000 shares in Aurora to the counterparty in settlement of the equity forward contract. See note 15 for additional information on the settlement of the equity forward contract. During the year ended April 30, 2008, the Corporation sold 4,039,911 shares in Aurora for net proceeds of $59,945,000 and realized a gain on disposal of $58,317,000.

Other Mining and Mineral Related Investments.

Other mining and mineral related investments are reviewed quarterly for possible other-than-temporary impairments in value. In light of the economic conditions and the widespread adverse impact upon equity markets, the Corporation recorded an impairment charge of $2,907,000 on its mining and mineral related investments during the year ended April 30, 2009 (2008 - $nil).

During the year ended April 30, 2008, the Corporation sold other mining and mineral related investments for net proceeds of $17,905,000 and realized a gain on disposal of $3,320,000.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

10. INCOME TAXES

Significant components of the future tax liability at April 30, 2009 and 2008 are as follows:

	2009	2008
	$	$
Temporary differences related to mineral properties and deferred exploration costs	**(1,734)**	(508)
Tax values of property and equipment in excess of net book values	**264**	193
Carrying value of investments less than (in excess of) tax values	**413**	(3,584)
Deferred partnership income	**(733)**	(835)
Share issuance costs	**573**	822
Other	**48**	56
	(1,169)	(3,856)
Distributed as follows:		
Future income taxes - current	**(733)**	(835)
Future income taxes - long-term	**(436)**	(3,021)
	(1,169)	(3,856)

Income taxes differ from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 33.33% (2008 - 35.25%) to earnings before income taxes as follows:

	2009	2008
	$	$
Expected tax expense	**11,615**	5,716
Non-taxable portion of capital gains and impairments	**(6,517)**	(1,664)
Stock-based compensation	**296**	409
Permanent tax rate differences arising from dilution gains, equity earnings and warrant revaluation	**1,106**	(263)
Effect of changes in the future income tax rate in the period of reversal	**(153)**	(76)
	6,347	4,122

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

11. 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.

In 2008, the Corporation completed a bought deal financing and issued 1,900,000 common shares at a price of $28 per share for gross proceeds of $53,200,000 less issuance costs of $3,126,000 and future income tax recovery of $1,098,000. The offering was done by way of short-form prospectus.

During the year, the Corporation repurchased and cancelled 2,659,530 common shares (2008 – 154,100) for a total cost of $15,214,000 (2008 - $2,598,000) under its normal course issuer bid.

12. NET EARNINGS PER SHARE

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

	2009	2008
Weighted average number of shares:		
Basic	**29,355,700**	29,823,483
Diluted	**29,505,509**	30,462,520

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

13. STOCK-BASED COMPENSATION

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, 2009 and 2008 and changes during the years then ended is as follows:

	2009		2008	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of year	**1,038,500**	**10.34**	1,238,000	4.87
Granted	**365,000**	**5.60**	212,500	26.59
Exercised	**(105,000)**	**3.40**	(392,000)	3.40
Forfeited	**-**	**-**	(20,000)	5.62
Outstanding, end of year	**1,298,500**	**9.57**	1,038,500	10.34
Exercisable, end of year	**689,750**	**8.58**	496,750	7.23

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

13. STOCK-BASED COMPENSATION (CONTINUED)

The following table summarizes information about stock options outstanding and exercisable at April 30, 2009:

	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
			$			$
$3.00 to $4.00	145,000	0.7	3.93	145,000	0.7	3.93
$4.01 to $8.00	600,000	3.5	5.33	260,250	2.7	5.08
$8.01 to $10.00	266,000	2.6	8.30	154,000	2.6	8.30
$10.01 to $15.00	95,000	2.7	11.11	53,000	2.7	10.97
$15.01 to $28.00	192,500	3.5	28.00	77,500	3.5	28.00
Total	1,298,500	2.9	9.57	689,750	2.6	8.58

The weighted-average fair value of stock options granted during 2009 was estimated on the dates of grant to be $2.25 (2008 - $10.03) using the Black-Scholes option pricing model with the following assumptions:

	2009	2008
Expected life (years)	**4.00**	4.25 to 4.36
Risk-free interest rate (%)	**3.12**	4.22 to 4.25
Expected volatility (%)	**57.28**	47.00 to 49.11
Expected dividend yield (%)	**-**	-

For the year ended April 30, 2009, stock-based compensation costs of $887,000 (2008 - $967,000) have been expensed and stock-based compensation of $357,000 (2008 - $191,000) have been capitalized to mineral properties and deferred exploration costs.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

14. SETTLEMENT OF EQUITY FORWARD AGREEMENT

During the year, the Corporation wound up its equity forward agreement contract by transferring ownership of its 2,500,000 remaining Aurora shares to the counterparty to the agreement. The deemed proceeds from the investment and the equity forward agreement was applied to repay the zero-coupon loan in full with no net cash flow impact. The calculation of the gain and the application of the deemed proceeds are indicated in the table below:

	Equity Forward Contract	**Investment in Aurora (2,500,000 shares)**	**Zero-Coupon Loan**	**TOTAL**
	$	$	$	$
Deemed proceeds (mark to market value)	38,231	4,375	(42,606)	-
Cost base (amortized value)	-	1,007	(39,187)	**(38,180)**
Gain (Loss)	38,231	3,368	(3,419)	**38,180**

15. LONG-TERM DEBT

	2009	2008
	$	$
Zero-coupon loan	**-**	38,115

Zero-coupon loan, payable at maturity on December 2011, bearing interest at 4.25% per annum. As security the Corporation has pledged proceeds from the equity forward agreement to sell 2,500,000 Aurora shares in December 2011. In January 2009 the Corporation repaid the zero-coupon loan in full by applying the proceeds from the equity-forward agreement in full against the amount outstanding. See note 14 for additional information.

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

16. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

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

	2009	2008
	$	$
Unrealized (loss) on the translation of financial statements of self-sustaining equity investment (net of income taxes: April 2009 - $163 and April 2008 - $70)	**(929)**	(355)
Unrealized gains (losses) on available-for-sale investments (net of income taxes: April 2009 - $601 and April 2008 - ($960))	**(3,419)**	4,854
Unrealized gain on derivative designated as cash flow hedge (net of income taxes: April 2009 - $0 and April 2008 - ($5,005))	**-**	25,330
	(4,348)	29,829

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

17. SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
	$	$
Items not affecting cash:		
Mineral properties abandoned or impaired	**611**	549
Stock-based compensation	**887**	967
Amortization of royalty interest	**890**	708
Amortization of property and equipment	**78**	73
Gain on disposal of mining and mineral related investments	**-**	(61,637)
Gain on settlement of equity forward agreement (Note 14)	**(38,180)**	-
Gain on disposal of mineral property	**-**	(234)
Non - cash interest and financing charges	**1,080**	1,645
Write-down of mining and mineral related investments	**2,907**	-
Impairment provision on equity investment	**2,170**	22,101
Impairment provision on demand loan receivable	**-**	30,093
Dilution gain on issuance of shares by equity investment	**-**	(3,541)
Share of loss in equity investments	**438**	707
Change in fair value of share purchase warrants	**14**	1,008
Receipt of available for sale investments	**-**	(115)
Future income taxes	**3,972**	(3,439)
	(25,133)	(11,115)
Change in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**318**	987
Accounts payable and accrued liabilities	**(280)**	(158)
Income taxes payable and receivable	**6,524**	(22,855)
	6,562	(22,026)
Income taxes received (paid)	**4,147**	(30,415)
Non-cash items:		
Stock based compensation capitalized	**357**	191
Receipt of available-for-sale financial assets in exchange for interests in mineral properties	**133**	422

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

18. RELATED PARTY TRANSACTIONS

The Corporation's related party transactions are as follows:

	2009	2008
	$	$
Revenue from companies subject to significant influence	**24**	83
Consulting fees and related services and costs paid to a company controlled by a director, and reflected as:		
Mineral properties and deferred exploration costs	**33**	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	**39**	18
General and administrative expenses	**41**	30
	80	48

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 $3,000 after adjusting for an allowance for doubtful accounts of $6,400 (April 30, 2008 - $45,000 after adjusting for an allowance for doubtful accounts of $6,400).

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

19. 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:

	2009	2008
	$	$
Balance Sheets		
Current assets	**768**	1,161
Royalty interest in mineral property	**11,578**	12,469
Current liabilities	**-**	-
Statements of Earnings		
Royalty revenue	**4,088**	5,162
Royalty tax	**(818)**	(1,429)
General and administrative	**170**	(151)
Amortization	**(891)**	(707)
Statements of Cash Flow		
Operating activities	**4,723**	5,002

20. FINANCIAL INSTRUMENTS AND 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:

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market value and commodity 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. Except as noted below, the Corporation does not utilize any derivative contracts to reduce this exposure.

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

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

Given the relative size of some of the Corporation's investments compared to the normal trading volume of the underlying investments, 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. The Corporation does not enter into any derivative contracts to reduce this exposure.

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

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

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

(Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Sensitivity Analysis

The Corporation has mining and mineral investments that are marked to fair market value at each reporting period, with a corresponding adjustment to other comprehensive 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:

The Corporation's mining and mineral related investments sensitivity to a +/- 20% movement in quoted market prices would affect comprehensive earnings by $749,000, net of applicable taxes.

21. CAPITAL MANAGEMENT

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.

22. COMMITMENTS

Operating leases

The Corporation is committed under leases on trucks and office space, including operating costs, for annual future minimum lease payments over the next three years as follows:

	$
2009	**139**
2010	**134**
2011	**127**
	400

22. COMMITMENTS (CONTINUED)

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 $2,557,000 by April 30, 2010 in order to maintain various licenses in good standing, of which $769,000 is required to be spent for a refund of security deposits in the amount of $332,000.

23. 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 also 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.

24. SUBSEQUENT EVENT

In June 2009 the Corporation announced that it has formed a strategic alliance with Millrock Resources Inc. ("Millrock") and has agreed to a private placement financing to fund prospect generation, principally for gold, in five areas in Alaska. The primary objective of the alliance is to generate new prospects and seek earn-in/joint venture agreements with third parties. Under the alliance, the Corporation may acquire royalty and joint venture interests.

As part of the alliance agreement the Corporation subscribed for 4,227,273 units at $0.22 per unit for a total cost of $930,000. Each unit of the placement is comprised of one Millrock common share and one share purchase warrant. Each warrant will entitle the Corporation to purchase one Millrock common share at a price of $0.30 for the first year after the closing of the private placement and $0.40 during the second year. The corporation's ownership interest in Millrock will be approximately 11% upon receipt of the initial common shares under this agreement.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the method of presentation adopted for the current year. Various option payments have been received by the Corporation in exchange for the right to earn interests in certain mineral properties. Deferred option payments of $1,041,000 reported at April 30, 2008 were reclassified to the mineral properties and deferred exploration costs.