

Consolidated Financial Statements (Unaudited) For the three and nine months ended January 31, 2010 and 2009



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Consolidated Balance Sheets

(Unaudited)

(In thousands of dollars)

| | As at <u>January 31, 2010</u> \$ | As at <u>April 30, 2009</u> \$ |
|--|--|--------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 37,392 | 79,331 |
| Marketable securities | 92,561 | 78,420 |
| Accounts receivable and prepaid expenses | 636 | 1,259 |
| Income taxes receivable | 1,823 | 146 |
| | 132,412 | 159,156 |
| Mineral properties and deferred exploration costs (Note 4) | 8,390 | 7,014 |
| Royalty interest in mineral property | 11,251 | 11,578 |
| Property and equipment | 343 | 444 |
| Equity investments and loans (Note 5) | 3,330 | 3,600 |
| Mining and mineral related investments (Note 6) | 66,460 | 7,086 |
| | 222,186 | 188,878 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 285 | 697 |
| Future income taxes | 189 | 733 |
| | 474 | 1,430 |
| Future income taxes | 5,981 | 436 |
| | 6,455 | 1,866 |
| Shareholders' Equity | 215,731 | 187,012 |
| Shareholders Equity | 213,731 222,186 | 188,878 |
| Contingent liability (Note 12) | | |

Subsequent events (Note 13)

Approved by the Board,

"John A. Baker", Director

"Brian F. Dalton", Director



Consolidated Statements of Earnings (Loss)

(Unaudited)

(In thousands of dollars, except per share amounts)

| | Three months ended January 31, | | Nine months ended | | |
|---|-----------------------------------|--------|-------------------|-------------|--|
| | | | Janua | ry 31, | |
| | <u>2010</u> | 2009 | <u>2010</u> | <u>2009</u> | |
| | \$ | \$ | \$ | \$ | |
| Revenue | | | | | |
| Royalty | 364 | 689 | 1,466 | 3,330 | |
| Interest | 403 | 1,384 | 1,113 | 3,916 | |
| Other | 145 | 36 | 536 | 204 | |
| | 912 | 2,109 | 3,115 | 7,450 | |
| Expenses | | | | | |
| General and administrative | 889 | 707 | 2,428 | 1,789 | |
| Stock-based compensation (Note 8) | 348 | 208 | 954 | 648 | |
| Mineral properties abandoned or impaired (Note 4) | 219 | 220 | 760 | 499 | |
| Amortization | 89 | 251 | 446 | 731 | |
| Royalty tax | 73 | 138 | 293 | 666 | |
| | 1,618 | 1,524 | 4,881 | 4,333 | |
| Earnings (loss) before the following | (706) | 585 | (1,766) | 3,117 | |
| Gain (loss) on disposal of mining & mineral related investments | 498 | - | 483 | - | |
| Dilution gain on issuance of shares by equity investment | - | - | 137 | - | |
| Share of (loss) in equity investments | (83) | (149) | (275) | (326) | |
| Interest and financing charges | - | (313) | - | (1,334) | |
| Gain on settlement of equity forward | - | 38,180 | - | 38,180 | |
| Write-down of mining and mineral related investments | - | - | - | (2,755) | |
| Change in fair value of share purchase warrants | - | - | - | (14) | |
| Earnings (loss) before income taxes | (291) | 38,303 | (1,421) | 36,868 | |
| Income taxes | | | | | |
| current | (251) | 6,637 | (21) | 6,535 | |
| future | 62 | 42 | (215) | 352 | |
| | (189) | 6,679 | (236) | 6,887 | |
| Net earnings (loss) | (102) | 31,624 | (1,185) | 29,981 | |
| Net coming (loss) non chang (Nets 7) | | | | | |
| Net earnings (loss) per share (Note 7) | | 1 1 1 | (0 0 4) | 1.01 | |
| - basic | - | 1.11 | (0.04) | 1.01 | |
| - diluted | - | 1.11 | (0.04) | 1.00 | |



Consolidated Statements of Cash Flows

(unaudited)

(In thousand of dollars)

| | For the three months | | For the nine months | |
|---|----------------------|-----------|---------------------|----------|
| | ended Ja | nuary 31, | ended January 31, | |
| | <u>2010</u> | 2009 | <u>2010</u> | 2009 |
| | \$ | \$ | \$ | \$ |
| Operating activities | | | | |
| Net earnings (loss) | (102) | 31,624 | (1,185) | 29,981 |
| Items not affecting cash (Note 10) | 303 | (37,251) | 1,600 | (31,775) |
| | 201 | (5,627) | 415 | (1,794) |
| Change in non-cash operating working capital (Note 10) | (1,863) | 8,108 | (1,283) | 12,265 |
| | (1,662) | 2,481 | (868) | 10,471 |
| Financing activities | | | | |
| Proceeds from issuance of common shares | 449 | 150 | 473 | 292 |
| Repurchase of common shares | - | (3,102) | (331) | (15,214) |
| | 449 | (2,952) | 142 | (14,922) |
| Investing activities | | | | |
| Proceeds from disposal of investments | - | - | 151 | - |
| Mineral properties and deferred exploration costs, net of recoveries | (463) | (614) | (2,136) | (4,118) |
| Net change in marketable securities | 3,579 | (6,973) | (14,141) | (44,205) |
| Acquisition of investments | - | - | (25,078) | - |
| Acquisition of property and equipment | (2) | (3) | (18) | (271) |
| Other | - | (1) | 9 | 35 |
| | 3,114 | (7,591) | (41,213) | (48,559) |
| Net increase (decrease) in cash and cash equivalents | 1,901 | (8,062) | (41,939) | (53,010) |
| Cash and cash equivalents, beginning of period | 35,491 | 123,224 | 79,331 | 168,172 |
| Cash and cash equivalents, end of period | 37,392 | 115,162 | 37,392 | 115,162 |
| Cash and cash equivalents consist of: Deposits with banks Short-term investments | | | 393 36,999 | 114, |
| | | | 37,392 | 115,162 |

Supplemental cash flow information (Note 10)



Consolidated Statements of Shareholders' Equity

(Unaudited)

(In thousands of dollars, except share amounts)

Nine months ended January 31, 2010:

| | | | | Accumulated Other | | Total |
|--|------------|--------|-------------|-------------------|-----------------|---------------|
| | | | Contributed | Comprehensive | Retained | Shareholders' |
| | Common S | hares | Surplus | Earnings (Note 9) | Earnings | Equity |
| | # | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of period Comprehensive earnings (loss): | 28,371,195 | 71,814 | 3,203 | (4,348) | 116,343 | 187,012 |
| Net loss | - | - | - | - | (1,185) | (1,185) |
| Currency translation adjustment (net of income taxes of \$20) | - | - | - | (112) | | (112) |
| Net unrealized gains on available-for-sale investments (net of income taxes of \$5,043) | - | - | - | 28,692 | - | 28,692 |
| Total comprehensive earnings | | | | , | | 27,395 |
| Shares repurchased under normal course issuer bid | (55,300) | (140) | - | - | (191) | (331) |
| Stock based compensation | - | - | 954 | - | - | 954 |
| Stock based compensation applied to mineral properties | - | - | 228 | - | - | 228 |
| Shares issued under stock option plan | 118,750 | 759 | (286) | - | - | 473 |
| Balance, end of period | 28,434,645 | 72,433 | 4,099 | 24,232 | 114,967 | 215,731 |



Consolidated Statements of Shareholders' Equity (continued)

(Unaudited)

(In thousands of dollars, except share amounts)

Nine months ended January 31, 2009:

| | <u>Common S</u> # | <u>shares</u> \$ | Treasury S | hares \$ | Contributed <u>Surplus</u> \$ | Accumulated Other Comprehensive <u>Earnings</u> \$ | Retained <u>Earnings</u> \$ | Total Shareholders' <u>Equity</u> \$ |
|---|----------------------|---------------------|------------|-------------|-------------------------------------|---|-----------------------------------|---|
| Balance, beginning of period | 30,925,725 | 77,933 | - | _ | 2,197 | 29,829 | 96,342 | 206,301 |
| Comprehensive earnings (loss): | | | | | , | - , |)- | , |
| Net earnings | - | - | - | - | - | - | 29,981 | 29,981 |
| Currency translation adjustment (net of income taxes of \$5) | - | - | - | - | - | (621) | - | (621) |
| Net unrealized losses on available-for-sale investments | | | | | | | | |
| (net of income taxes of \$1,680) | - | - | - | - | - | (7,416) | - | (7,416) |
| Reclassification adjustment for gains on available-for-sale | | | | | | | | |
| investments recognized in net earnings (net of income taxes | | | | | | | | |
| of \$556) | - | - | - | - | - | (2,812) | - | (2,812) |
| Unrealized gain on derivative financial instrument designated | | | | | | | | |
| as a cash flow hedge (net of income taxes of \$1,299) | - | - | - | - | - | 6,593 | - | 6,593 |
| Reclassification adjustment for gain on derivative financial | | | | | | | | |
| instrument designated as a cash flow hedge recognized in | | | | | | | | |
| net earnings (net of income taxes of \$6,308) | - | - | - | - | - | (31,923) | - | (31,923) |
| Total comprehensive earnings (loss) | | | | | | | | (6,198) |
| Shares repurchased under normal course issuer bid | (2,629,530) | (6,638) | (30,000) | (135) | - | - | (8,441) | (15,214) |
| Stock based compensation | - | - | - | - | 648 | - | - | 648 |
| Stock based compensation applied to mineral properties | - | - | - | - | 326 | - | - | 326 |
| Shares issued under stock option plan | 85,000 | 484 | - | - | (192) | - | - | 292 |
| Balance, end of period | 28,381,195 | 71,779 | (30,000) | (135) | 2,979 | (6,350) | 117,882 | 186,155 |



1. NATURE OF OPERATIONS

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

2. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the April 30, 2009 annual consolidated financial statements except as indicated in Note 3.

These unaudited interim consolidated financial statements should be read in conjunction with the April 30, 2009 annual consolidated financial statements. The disclosures in the unaudited interim consolidated financial statements do not conform in all material respects to the requirements of Canadian generally accepted accounting principles for annual consolidated financial statements.

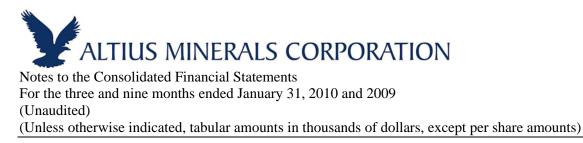
3. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets

Commencing May 1, 2009 the Corporation adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaced 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 standard did not have a material impact on the Corporation's consolidated financial statements.

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 addressed by management. The Corporation is currently evaluating the impacts of the conversion on its consolidated financial statements and is determining accounting policy choices available under IFRS.



3. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which superseded Section 1581, Business Combinations, and Section 1600, Consolidated Financial Statements. CICA Handbook Section 1582, Business Combinations, replaces the former Section 1581, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). This Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601, Consolidated Financial Statements, together with the new Section 1602, Non-Controlling Interests, replaces the former Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS 27, Consolidated and Separate Financial Statements, (January 2008). Both sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

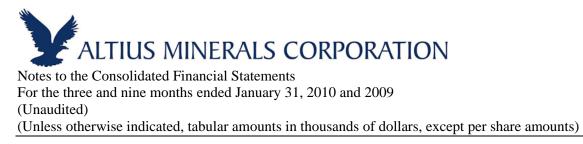
Earlier adoption is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Corporation is evaluating the impact of the adoption of these sections to determine if early adoption is appropriate.



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

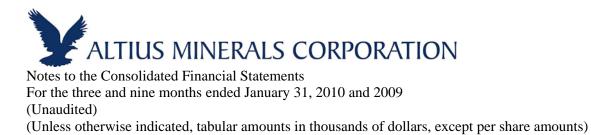
4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

| Project | Note | As at April 30, 2009 | Additions, net of recoveries | Abandoned or impaired | As at January 31, 2010 |
|--------------------------------|------|-------------------------|------------------------------|--------------------------|---------------------------|
| | | \$ | \$ | \$ | \$ |
| Labrador | | | | | |
| Kamistaitusset - Iron Ore | а | 2,241 | 20 | - | 2,261 |
| Labrador Trough - Base metals | b | 604 | 39 | - | 643 |
| Natashquan River - Nickel | | 241 | 57 | - | 298 |
| Notakwanon River - Uranium | с | 126 | 12 | - | 138 |
| Nuiklavik - Uranium | d | 69 | (67) | (2) | - |
| Labrador West - Iron Ore | e | 14 | 1 | (1) | 14 |
| Alexis River - Uranium | f | - | - | - | - |
| Red Cross Lake South | | - | 19 | - | 19 |
| Wabush - Silica | g | - | 2 | (2) | - |
| Other | e | - | 309 | (19) | 290 |
| Newfoundland | | | | | |
| Topsails - Uranium | h | 835 | 326 | (21) | 1,140 |
| Viking - Gold | i | 39 | (39) | - | - |
| Rocky Brook - Uranium | j | 40 | 41 | - | 81 |
| Mustang Trend - Gold | 5 | 37 | 78 | - | 115 |
| White Bay - Gold | | 24 | 37 | - | 61 |
| Boxey - Uranium | k | 20 | 16 | - | 36 |
| Moosehead - Gold | 1 | 15 | 39 | - | 54 |
| St. George's Bay - Potash | m | - | - | - | - |
| Taylor Brook - Nickel | n | - | - | - | - |
| South Tally Pond - Base metals | 0 | - | - | - | - |
| Other | | 4 | 73 | - | 77 |
| New Brunswick and Nova Scotia | | | | | |
| New Brunswick Oil Shale | р | 2,287 | 581 | - | 2,868 |
| New Brunswick Potash | I | - | 3 | (3) | - |
| Nova Scotia Potash - Potash | | 86 | 100 | (162) | 24 |
| General Exploration | | | | 、 / | |
| GENEX - General Exploration | | - | 511 | (511) | - |
| Security Deposit | | | | × , | |
| Security Deposit | q | 332 | (22) | (39) | 271 |
| Grand Total | | 7,014 | 2,136 | (760) | 8,390 |



4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

| Project | Note | As at April 30, 2008 | Additions, net of recoveries | Abandoned or impaired | As at April 30, 2009 |
|--------------------------------|----------|-------------------------|------------------------------|--------------------------|-------------------------|
| | | \$ | \$ | \$ | \$ |
| Labrador | | | | | |
| Kamistaitusset - Iron Ore | а | 380 | 1,861 | - | 2,241 |
| Labrador Trough - Base metals | b | 130 | 475 | (1) | 604 |
| Natashquan River - Nickel | | 131 | 110 | - | 241 |
| Notakwanon River - Uranium | с | 128 | 11 | (13) | 126 |
| Nuiklavik - Uranium | d | 74 | (5) | - | 69 |
| Labrador West - Iron Ore | e | 7 | 7 | - | 14 |
| Alexis River - Uranium | f | - | - | - | - |
| Wabush - Silica | g | 1 | 3 | (4) | - |
| Other | Ū. | 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 | 1 | 13 | 2 | - | 15 |
| St. George's Bay - Potash | m | 26 | (26) | - | - |
| Berry Hills - Uranium | | - | 2 | (2) | - |
| Taylor Brook - Nickel | n | 17 | (17) | - | - |
| South Tally Pond - Base metals | 0 | - | - | - | - |
| Other | | 16 | (1) | (11) | 4 |
| New Brunswick and Nova Scotia | | | | | |
| New Brunswick Oil Shale | р | 481 | 1,806 | - | 2,287 |
| Nova Scotia Potash - Potash | | - | 86 | - | 86 |
| General Exploration | | | | | |
| GENEX - General Exploration | | - | 115 | (115) | - |
| Security Deposit | | | | . , | |
| Security Deposit | q | 677 | (199) | (146) | 332 |
| Grand Total | <u>^</u> | 2,517 | 5,108 | (611) | 7,014 |



4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

The Corporation acquires mineral properties through staking 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 agreement on each of the respective properties is as follows:

a - Kamistaitusset

The Corporation entered into an agreement with a private company in November 2009 that was subsequently transferred to Alderon Resources Inc. ("Alderon"), a publicly traded company listed on the TSX Venture exchange. Under the terms of the agreement, Alderon must incur exploration expenditures totaling \$5 million over a two-year period and must meet financing to earn 100% of the Kamistaitusset Property. Upon completion of the required exploration expenditures, the Corporation will transfer its 100% interest in the property to Alderon in exchange for a 3% gross sales royalty and 31,779,081 post-consolidated shares of Alderon, representing approximately a 46% interest in Alderon. The agreement remains in good standing and the financing requirements have been met.

b - Labrador Trough

The Corporation signed an alliance agreement with Cornerstone Capital Resources Inc. ("Cornerstone") in June 2008 to explore for 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 to enter into an earn-in/joint venture agreement on this property.

c - Notakwanon River

Golden Cross Resources ("Golden Cross") signed an agreement with the Corporation in August 2007 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 to earn its 50% interest. 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.



4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

d - Nuiklavik

In June 2009 Golden Cross withdrew from an agreement to earn a 50% interest in the Nuiklavik uranium/rare earth elements project in central Labrador. In January 2010, the Corporation sold 100% of this property to Rare Element Resources Limited ("Rare Element") in exchange for 200,000 common shares and a 2% gross overriding royalty interest. The gross overriding royalty is subject to a 1% buyback for \$2.5 million at any time.

e - Labrador West

Rio Tinto (formerly named Kennecott Exploration Company) signed an agreement in December 2008 whereby they 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 subject to 3% gross overriding royalty in favor of the Corporation, subject to a buy-back of 1% for \$10,000,000 on or before the tenth anniversary of the agreement. The agreement remains in good standing.

f - Alexis River

Kirrin Resources Limited ("Kirrin") (formerly named Monroe Minerals Inc.) signed an agreement in July 2007 whereby they may earn up to a 60% interest in the Corporation's Alexis River uranium project in southeast Labrador by paying up to 250,000 shares and spending up to \$1,250,000 on exploration by July 2011. This project is also subject to royalties in favor of the Corporation. The Corporation has received 150,000 shares to date and the agreement remains in good standing.

g - Wabush

The Corporation dropped its rights to the Wabush silica property in western Labrador during the current year.

h - Topsails

The Corporation and JNR Resources Inc. ("JNR") signed a 50/50 cost shared agreement in September 2007 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.



4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

i – Viking

The Corporation acquired the rights to the Viking gold property in Western Newfoundland in February 2006 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 an additional \$500,000 to the prospector.

Northern Abitibi Mining Corp. ("Northern Abitibi") earned a 100% interest in the Corporation's Viking gold project by issuing 1,115,000 shares of Northern Abitibi and spending \$1,200,000 on exploration expenditures by November 2009. The Corporation retained a 2 to 4 % sliding scale net smelter return royalty tied to the price of gold. Upon earn-in, the original net smelter return obligation of the initial property acquisition agreement was assumed by Northern Abitibi.

j - Rocky Brook

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

JNR earned a 70% interest in the Rocky Brook property by spending \$2,525,000 on exploration expenditures by December 2008, and making a payment of 125,000 shares and other cash or share payments over the four year period totaling \$172,000. Upon earn-in, the net smelter return obligation of the initial property acquisition agreement became an obligation of the joint venture. The Corporation is not participating in the current exploration program and therefore expects its ownership interest to be reduced accordingly.

k - Boxey

The Corporation may acquire a 100% interest in the Boxey property located in the southeastern island portion of Newfoundland and Labrador through an agreement signed in January 2008 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.

Kirrin signed an agreement in January 2008 whereby they 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 200,000 shares. To date, the Corporation has received 80,000 Kirrin shares under the agreement and the agreement remains in good standing.



4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

l - Moosehead

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

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

m - St. Georges Bay

In December 2009, Sprott Resources Corporation ("Sprott") withdrew from an agreement to earn a 50.1% interest in the Corporation's St. Georges Bay Potash project located in western Newfoundland. The Corporation is currently seeking a new partner to perform further exploration on this property.

n - Taylor Brook

The Corporation acquired the rights to the Taylor Brook nickel property in western Newfoundland in July 1999 by making payments of \$35,000 over a three year period. The acquisition agreement is 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 signed an agreement in March 2007 whereby they 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.



4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

o – South Tally Pond

The Corporation signed an agreement in December 2000 and 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.

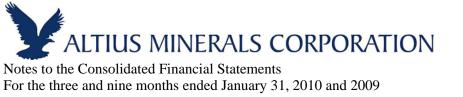
As part of an equity financing agreement with Paragon Minerals Corporation ("Paragon") signed in December 2006, Paragon has the right to acquire a 100% undivided ownership interest in the South Tally Pond property by issuing 250,000 common shares to the Corporation upon the effective date of Paragon 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 on 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.

p - New Brunswick Oil Shale

The Corporation entered into an agreement in February 2009 with an arm's length third party whereby the third party may select a 400 hectare area within the oil shale project and may undertake field research and test oil shale technologies. In October 2009 the third party indicated that is does not intend to conduct field research on the property. The Corporation is currently seeking a new partner with technological expertise and financial resources to further evaluate this property.

q – Security Deposits

Security deposits are refundable to the Corporation if a minimum level of exploration expenditures is incurred on the subject properties. Over the next twelve months the Corporation must incur exploration expenditures of \$205,000 for a refund of security deposits in the amount of \$126,000.



(Unaudited)

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

5. EQUITY INVESTMENTS AND LOANS

| | As at January 31, <u>2010</u> \$ | As at April 30, <u>2009</u> \$ |
|---|---|---|
| Investment in Rambler Metals and Mining plc, | | |
| (percentage ownership: 13.8%) (market value: January 2010 - \$6.4 million; April 2009 - \$3.6 million) | 3,330 | 3,600 |
| 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) |
| | 3,330 | 3,600 |

Rambler Metals and Mining plc ("Rambler")

On October 22, 2009, Rambler completed a private placement to fund the acquisition of the Nugget Pond processing facility and to complete engineering work on the facility. Rambler issued 27.5 million ordinary shares at 20 pence each (\$0.345 per share Canadian). Following the transaction, the Corporation's ownership interest in Rambler was reduced from 20.2% to 13.8% and the Corporation recorded a dilution gain of \$137,000 as a result of the transaction. The Corporation continued to equity-account for Rambler after the private placement based on the fact that it is a significant shareholder and continues to have representation on the Rambler Board.



5. EQUITY INVESTMENTS AND LOANS (CONTINUED)

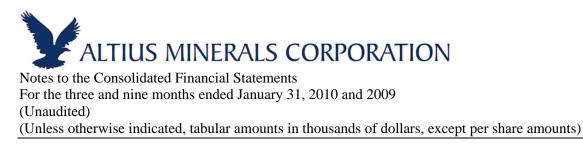
Newfoundland and Labrador Refining Corporation

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.

On October 17, 2008, NLRC submitted a proposal to its 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 would depend on the legitimacy of claim amounts submitted as part of the voting procedure and, therefore, recessed to evaluate the various claim amounts. The creditors meeting was reconvened on July 15, 2009 and the outcome of the vote indicated that a majority of the votes were in favour of the proposal. The Trustee's application to accept the proposal was heard by the Newfoundland Supreme Court on October 22, 2009. At that time the Court also considered an application by a creditor to reduce one of the other creditor's claims, which could affect the outcome of the vote. On November 20, 2009 the Court accepted the proposal and dismissed all further requests for creditor's claim adjustments for voting purposes. NLRC now has approximately two years to sell its project interest to a third party or to obtain project financing. The Corporation intends to continue to hold its investment in and receivable from NLRC at \$nil because of the high level of uncertainty of recovery.



6. MINING AND MINERAL RELATED INVESTMENTS

| | As at January 31, <u>2010</u> \$ | As at April 30, <u>2009</u> \$ |
|--|---|---|
| International Royalty Corporation | | |
| (8,924,972 shares; April 2009 -2,050,722 shares) | | |
| (Cost: January 2010 - \$34.7 million; April 2009 - \$10.6 million) | 63,992 | 6,456 |
| Other mining related portfolio investments | | |
| (Cost: January 2010 - \$2.0 million; April 2009 \$0.5 million) | 2,468 | 630 |
| | 66,460 | 7,086 |

International Royalty Corporation

The Corporation acquired 6,751,150 shares in International Royalty Corporation ("IRC") at a total cost of \$24,148,000 during the nine months ended January 31, 2010. The investment in IRC is classified as available-for-sale.

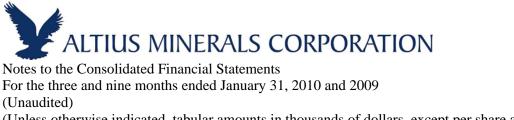
In December 2009, Royal Gold Limited ("Royal Gold") entered into a Plan of Arrangement Agreement with IRC whereby Royal Gold would acquire all of the shares of IRC in exchange for cash and an equity interest in Royal Gold. The Corporation also signed a lock-up agreement whereby it agreed to vote its 9.4% IRC ownership interest in favour of the proposal, subject to certain conditions.

On February 16th, 2010 IRC shareholders voted in favour of the proposal and the Plan of Arrangement received final court approval on February 22, 2010. The Corporation subsequently received proceeds with a market value of \$61,000,000 including cash of \$37,500,000 and 529,251 exchangeable Royal Gold shares.

Other Mining and Mineral Related Investments

In June 2009, the Corporation acquired 4,227,273 units in Millrock Resources Limited at a total cost of \$930,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.30 for a period of one year from the purchase date and \$0.40 in the second year. The Corporation classified the investment as available-for-sale. No value was ascribed to the warrants upon initial purchase based on the residual value after assigning value to the common shares.

The Corporation sold other mining and mineral related investments for gross proceeds of \$151,000 and recognized a loss on disposal of \$15,000 during the nine months ended January 31, 2010.



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

7. NET EARNINGS (LOSS) PER SHARE

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

| | Three mont | hs ended | Nine months ended | | |
|------------------------------------|-------------|-------------|-------------------|------------|--|
| | Januar | ry 31 | Januar | y 31 | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | 2009 | |
| Weighted average number of shares: | | | | | |
| Basic | 28,391,251 | 28,415,966 | 28,363,160 | 29,675,663 | |
| Diluted | 28,391,251 | 28,462,565 | 28,363,160 | 29,839,677 | |

8. 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.

A summary of the status of the Corporation's stock option plan as of January 31, 2010 and changes during the period then ended is as follows:

| | Number of Options | Weighted Average Exercise Price |
|-------------------------------|----------------------|---------------------------------------|
| | | \$ |
| Outstanding, April 30, 2009 | 1,298,500 | 9.57 |
| Granted | 370,000 | 7.00 |
| Exercised | (118,750) | 3.98 |
| Outstanding, January 31, 2010 | 1,549,750 | 9.38 |
| Exercisable, January 31, 2010 | 867,500 | 9.56 |



8. STOCK-BASED COMPENSATION (CONTINUED)

The weighted-average fair value of stock options granted during 2010 was estimated on the dates of grant to be \$2.82 (2009 - \$2.25) using the Black-Scholes option pricing model with the following assumptions:

| | <u>2010</u> | <u>2009</u> | |
|-----------------------------|-------------|-------------|--|
| Expected life (years) | 4.00 | 4.00 | |
| Risk-free interest rate (%) | 2.32 | 3.12 | |
| Expected volatility (%) | 50.00 | 57.28 | |
| Expected dividend yield (%) | - | - | |

The following table summarizes information about stock options outstanding and exercisable at January 31, 2010:

| | Total Options Outstanding | | | | Total Exercisable Options | | |
|--------------------|---------------------------|---|-------------------------------------|---|--|-----|-------------------------------------|
| Range | Outstanding Options | Average Remaining Contractual Life | Weighted Average Strike Price | | Average Remaining Vested Contractual Options Life | | Weighted Average Strike Price |
| | | | \$ | | | | \$ |
| \$3.00 to \$4.00 | 30,250 | 0.2 | 3.75 | | 30,250 | 0.2 | 3.75 |
| \$4.01 to \$8.00 | 966,000 | 3.5 | 5.98 | | 439,000 | 2.6 | 5.44 |
| \$8.01 to \$10.00 | 266,000 | 1.8 | 8.30 | | 210,000 | 1.8 | 8.30 |
| \$10.01 to \$15.00 | 95,000 | 2.0 | 11.11 | | 72,000 | 2.0 | 11.01 |
| \$28.00 | 192,500 | 2.8 | 28.00 | | 116,250 | 2.8 | 28.00 |
| Total | 1,549,750 | 3.0 | 9.38 | _ | 867,500 | 2.3 | 9.56 |



For the three and nine months ended January 31, 2010 and 2009 (Unaudited) (Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

9. ACCUMULATED OTHER COMPREHENSIVE EARNINGS (LOSS)

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

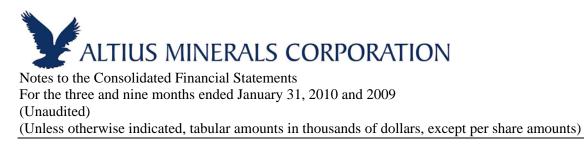
| | January 31, <u>2010</u> \$ | April 30, <u>2009</u> \$ |
|--|----------------------------------|--------------------------------|
| Unrealized loss on the translation of financial | | |
| statements of self-sustaining equity investment (net of income taxes: | | |
| January 2010 - \$183 and April 2009 - \$163) | (1,041) | (929) |
| Unrealized gains (losses) on available-for-sale investments | | |
| (net of income taxes: January 2010 - \$(4,443) and April 2009 - \$601) | 25,273 | (3,419) |
| | 24,232 | (4,348) |



For the three and nine months ended January 31, 2010 and 2009 (Unaudited) (Unless otherwise indicated, tabular amounts in thousands of dollars, except per share amounts)

10. SUPPLEMENTAL CASH FLOW INFORMATION

| | Three months ended January 31 | | Nine months ended January 31 | |
|--|----------------------------------|----------|---------------------------------|-------------|
| | <u>2010</u> | 2009 | <u>2010</u> | <u>2009</u> |
| | \$ | \$ | \$ | \$ |
| Items not affecting cash: | | | | |
| Stock-based compensation | 348 | 208 | 954 | 648 |
| Mineral properties abandoned or impaired | 219 | 220 | 760 | 499 |
| Amortization | 89 | 251 | 446 | 731 |
| Share of loss in equity investments | 83 | 149 | 275 | 326 |
| Dilution gain on issuance of shares by equity investment | - | - | (137) | - |
| Future income taxes | 62 | 42 | (215) | 352 |
| Gain on disposal of mining and mineral related investments | (498) | - | (483) | - |
| Gain on settlement of equity forward agreement | - | (38,180) | - | (38,180) |
| Non - cash interest and financing charges | - | 59 | - | 1,080 |
| Write-down of investments | - | - | - | 2,755 |
| Change in fair value of share purchase warrants | - | - | - | 14 |
| | 303 | (37,251) | 1,600 | (31,775) |
| | | | | |
| Change in non-cash operating working capital: | 100 | 1 002 | (14 | (751) |
| Accounts receivable and prepaid expenses | 190 | 1,883 | 614 | (751) |
| Accounts payable and accrued liabilities | (4) | (412) | (412) | (165) |
| Corporate income taxes payable and receivable | (2,049) | 6,637 | (1,485) | 13,181 |
| | (1,863) | 8,108 | (1,283) | 12,265 |
| Income taxes received (paid) | (1,802) | - | (1,521) | 6,646 |
| Non-cash items: | | | | |
| Stock-based compensation capitalized | 58 | 70 | 228 | 326 |
| Receipt of available-for-sale financial assets in exchange | 693 | Л | 726 | |
| for interests in mineral properties | 093 | 4 | /20 | 73 |



11. RELATED PARTY TRANSACTIONS

| | Three months ended January 31 | | Nine months ended January 31 | |
|---|----------------------------------|-------------|---------------------------------|-------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| | \$ | \$ | \$ | \$ |
| Revenue from companies subject to significant influence | 6 | 6 | 18 | 18 |
| Consulting fees and related services and costs paid to a | | | | |
| company controlled by a director, and reflected as mineral | | | | |
| properties and deferred exploration costs | - | - | 10 | 13 |
| 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 | 6 | 19 | 7 | 38 |
| General and administrative expenses | 8 | 21 | 18 | 22 |
| | 14 | 40 | 25 | 60 |

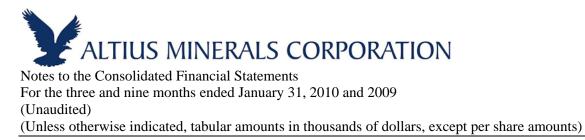
These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable and prepaid expenses include a net receivable from NLRC of \$7,000 after adjusting for an allowance for doubtful accounts of \$6,400 (April 30, 2009 - \$2,600 after adjusting for an allowance for doubtful accounts of \$6,400).

12. CONTINGENT LIABILITY

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

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



13. SUBSEQUENT EVENTS

On February 24, 2010, after court approval of the Plan of Arrangement Agreement between Royal Gold and IRC, the Corporation received proceeds from its 9.4% investment in IRC of approximately \$63,000,000. The total proceeds included cash of \$37,500,000 and 529,297 exchangeable Royal Gold shares with a market value of approximately \$25,600,000. The Corporation expects to recognize a gain on disposal of its IRC investment of approximately \$28,000,000 on the transaction.

On March 4, 2010 Rambler announced that it had entered into a gold sale agreement for a portion of its life-of-mine gold production from its development-stage Ming copper-gold mine located near Baie Verte, NL. Under the terms of agreement, Rambler will receive total staged payments U.S. \$20,000,000 upon reaching certain development milestones.