ALTIUS MINERALS CORPORATION

Consolidated Financial Statements
For the years ended
April 30, 2011 and 2010

ALTIUS MINERALS CORPORATION

Table of Contents

Independent Auditor's Report

To the Shareholders of Altius Minerals Corporation.

We have audited the accompanying consolidated financial statements of Altius Minerals Corporation which comprise the consolidated balance sheets as at April 30, 2011 and April 30, 2010, and the consolidated statements of earnings, equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Altius Minerals Corporation as at April 30, 2011 and April 30, 2010, and its results of operations and 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
July 7, 2011

ALTIUS MINERALS CORPORATION

Consolidated Balance Sheets

(In thousands of dollars)

As at April 30,

	2011	2010
	$	$
Assets		
Current assets		
Cash and cash equivalents	**64,551**	55,492
Marketable securities	**124,766**	112,018
Accounts receivable and prepaid expenses	**1,397**	302
Income taxes receivable	**-**	3,014
	190,714	170,826
Mineral properties and deferred exploration costs (Note 4)	**3,398**	7,588
Royalty interest in mineral property (Note 5)	**10,366**	11,199
Property and equipment (Note 6)	**177**	165
Equity investments and loans (Note 7)	**83,400**	3,065
Mining and mineral related investments (Note 8)	**25,764**	30,715
	313,819	223,558
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**2,461**	1,290
Income taxes payable	**3,195**	-
Future income taxes (Note 9)	**501**	234
	6,157	1,524
Other liabilities (Note 12)	**481**	-
Future income taxes (Note 9)	**11,817**	5,952
	18,455	7,476
Equity		
Shareholders' equity	**291,418**	216,082
Non-controlling interest	**3,946**	-
	295,364	216,082
	313,819	223,558

Contingent liability (Note 22)

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,

	2011	2010
	$	$
Revenue		
Royalty	**2,872**	1,654
Interest and investment	**2,606**	1,171
Other	**123**	346
	5,601	3,171
Expenses		
General and administrative	**5,473**	4,398
Generative exploration and mineral properties abandoned or impaired (Note 4)	**4,334**	995
Stock-based compensation (Note 12)	**1,200**	1,304
Amortization	**903**	513
Royalty tax	**598**	331
	12,508	7,541
Loss before the following	**(6,907)**	(4,370)
Gain on disposal of investments (Note 8)	**3,536**	28,741
Gain on disposal of equity investment (Note 7)	**1,451**	-
Gain on disposal of mineral property (Notes 4 & 7)	**84,675**	499
Unrealized gain on fair value adjustment of derivatives (Note 8)	**1,422**	-
Dilution (loss) gain on issuance of shares by equity investee (Note 7)	**(2,520)**	291
Share of loss in equity investments (Note 7)	**(2,159)**	(350)
Earnings before income taxes and non-controlling interest	**79,498**	24,811
Income tax expense (recovery) (Note 9)		
Current	**3,368**	(181)
Future	**5,604**	4,029
	8,972	3,848
Net earnings before non-controlling interest	**70,526**	20,963
Non-controlling interest	**(287)**	-
Net earnings attributable to common shareholders	**70,239**	20,963
Net earnings per share (Note 11)		
- basic	**2.45**	0.74
- diluted	**2.42**	0.73

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,

	2011	2010
	$	$
Operating activities		
Net earnings before non-controlling interest	**70,526**	20,963
Items not affecting cash (Note 14)	**(74,364)**	(22,340)
	(3,838)	(1,377)
Changes in non-cash operating working capital (Note 14)	**6,285**	(645)
	2,447	(2,022)
Financing activities		
Proceeds from issuance of share capital	**1,399**	1,148
Repurchase of common shares	**-**	(331)
Payment to non-controlling interest	**(76)**	-
	1,323	817
Investing activities		
Payment of current liabilities (Note 17)	**(2,487)**	-
Proceeds from sale of investments (Note 8)	**32,263**	38,125
Proceeds from sale of equity investment (Note 7)	**5,925**	-
Mineral properties and deferred exploration costs, net of recoveries	**(2,319)**	(2,236)
Purchase of marketable securities	**(12,748)**	(33,598)
Acquisition of investments (Notes 7 & 8)	**(15,266)**	(25,078)
Acquisition or proceeds from property and equipment	**(82)**	144
Net assets acquired on business acquistion, net of cash (Note 17)	**3**	-
Other	**-**	9
	5,289	(22,634)
Net increase (decrease) in cash and cash equivalents	**9,059**	(23,839)
Cash and cash equivalents, beginning of year	**55,492**	79,331
Cash and cash equivalents, end of year	**64,551**	55,492
Cash and cash equivalents consist of:		
Deposits with banks	**11,972**	694
Short-term investments	**52,579**	54,798
	64,551	55,492

Supplemental cash flow information (Note 14)

see accompanying notes to the consolidated financial statements

ALTIUS MINERALS CORPORATION

Consolidated Statements of Equity

(In thousands of dollars, except share amounts)

For the year ended April 30, 2011

	Common Shares #	Common Shares $	Contributed Surplus $	Accumulated Other Comprehensive Earnings (Note 13) $	Retained Earnings $	Total Shareholders' Equity $	Non-controlling interest $	Total Equity $
Balance, beginning of year	**28,550,895**	**73,424**	**4,164**	**1,379**	**137,115**	**216,082**	**-**	**216,082**
Acquisition of 2260761 Ontario Inc. (Note 17)	**-**	**-**	**-**	**-**	**-**	**-**	**3,003**	**3,003**
Payments to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(76)**	**(76)**
Comprehensive earnings:								
Net earnings	**-**	**-**	**-**	**-**	**70,239**	**70,239**	**287**	**70,526**
Currency translation adjustment								
- recognized during the year (net of income taxes of $36)	**-**	**-**	**-**	**202**	**-**	**202**	**-**	**202**
- reclassified to net earnings (net of income taxes of $198)	**-**	**-**	**-**	**1,133**	**-**	**1,133**	**-**	**1,133**
Net unrealized gain on available-for-sale investments								
- recognized during the year (net of income taxes of $206)	**-**	**-**	**-**	**1,766**	**-**	**1,766**	**769**	**2,535**
- reclassified to net earnings (net of income taxes of $22)	**-**	**-**	**-**	**(123)**	**-**	**(123)**	**(37)**	**(160)**
Total comprehensive earnings						**73,217**	**1,019**	**74,236**
Stock-based compensation	**-**	**-**	**720**	**-**	**-**	**720**	**-**	**720**
Shares issued under stock option plan	**265,000**	**2,081**	**(682)**	**-**	**-**	**1,399**	**-**	**1,399**
Balance, end of year	**28,815,895**	**75,505**	**4,202**	**4,357**	**207,354**	**291,418**	**3,946**	**295,364**

ALTIUS MINERALS CORPORATION

Consolidated Statements of Equity (continued)

(In thousands of dollars, except share amounts)

For the year ended April 30, 2010

	Common Shares		Contributed Surplus	Accumulated Other Comprehensive Earnings (Note 13)	Retained Earnings	Total Equity
	#	$	$	$	$	$
Balance, beginning of year	28,371,195	71,813	3,204	(4,348)	116,343	187,012
Comprehensive earnings:						
Net earnings	-	-	-	-	20,963	20,963
Currency translation adjustment	-	-	-	(404)	-	(404)
Net unrealized gain on available-for-sale investments (net of income taxes of $5,478)	-	-	-	31,169	-	31,169
Reclassification adjustment for gains on available-for-sale investments recognized in net earnings (net of income taxes of $4,401)	-	-	-	(25,038)	-	(25,038)
Total comprehensive earnings						26,690
Shares repurchased under normal course issuer bid	(55,300)	(140)	-	-	(191)	(331)
Stock-based compensation	-	-	1,304	-	-	1,304
Stock-based compensation applied to mineral properties	-	-	259	-	-	259
Shares issued under stock option plan	235,000	1,751	(603)	-	-	1,148
Balance, end of year	28,550,895	73,424	4,164	1,379	137,115	216,082

1. NATURE OF OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Basis of consolidation

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

The consolidated financial statements include the following:

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

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

Investments where the Corporation has the ability to exercise significant influence, generally where the Corporation has a 20% to 50% equity interest in the common shares, are accounted for using the equity method. Under this method, the Corporation's share of the investee's earnings or losses is included in operations and its investments therein are adjusted by a like amount. Dividends received from these investments are credited to the investment. The Corporation's 40% interest in Alderon Resource Corporation ("Alderon") and its interest in Rambler Metals and Mining ("Rambler"), which was sold during 2011, are accounted for using the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets
The Corporation classifies its financial assets depending on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

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

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

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

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

Fair value through profit or loss - This category comprises assets that do not meet the criteria of other categories, and includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Financial liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial liabilities - This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

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 original 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 earnings.

Marketable securities

Marketable securities consist of Canadian government guaranteed and corporate backed commercial paper, bonds and marketable securities with original 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 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 determination. The fair value of the investments is based on the quoted market price on the closing date of the period.

Mineral properties and deferred exploration costs

The Corporation defers costs for mineral properties and deferred explorations costs when the Corporation has the legal right to explore for mineral deposits. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately (“Genex”). Mineral properties and deferred exploration costs include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

basis as mineral properties and deferred exploration costs.

The Corporation has not incurred any asset retirement obligations relating to its activities to April 30, 2011.

Property and equipment

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

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

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.

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 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

other comprehensive earnings until there is a reduction in the net investment.

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.

The Corporation has implemented a share appreciation rights plan (“SAR”). Under the terms of the plan, share appreciation rights will vest over a specified period and have a reference price based on the common share price at the date of grant. Any payouts will be cash-settled on the scheduled vesting date.

The total compensation cost to be recognized over the vesting period for the SARs is measured as the amount by which the quoted market price of the Corporation’s shares exceeds the reference price determined at the date of award. The total liability will be re-measured at each period-end with any increase or decrease in value affecting the compensation cost.

The Corporation also implemented a Directors’ deferred share unit (“DSU”) plan. Under the plan, each non-executive director receives credit for a portion of their annual retainer to a notional account of DSUs in lieu of cash. Each DSU represents a unit with an underlying value equal to the value of one common share of the Corporation. The total compensation cost is to be recognized over the vesting period for the DSUs and is measured as the number of units multiplied by the quoted market price of the Corporation’s shares. The total liability will be re-measured at each period-end with any increase or decrease in value affecting the compensation cost.

Because the SARs and DSUs are cash-settled, the estimated net obligations of the amount expensed to date based on the vesting schedule will be disclosed as a liability on the Corporation’s consolidated balance sheet.

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, except in cases where the impact of a purchase would be anti-dilutive.

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.

3. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

Business Combinations

On May 1, 2010, the Corporation adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests. These new standards supersede Section 1581, Business Combinations, and Section 1600, Consolidated Financial Statements. Section 1582, Business Combinations establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, Business Combinations. This Section applies prospectively to business combinations for which the acquisition date is on or after May 1, 2010.

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 accounting 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.

The early adoption of these three sections had no material impact on the financial statements of the Corporation.

International Financial Reporting Standards

International Financial Reporting Standards (“IFRS”) will replace GAAP for fiscal periods beginning on or after January 1, 2011. The Corporation will prepare its first annual consolidated financial statements under IFRS for the year ending April 30, 2012 with comparative information for the year ended April 30, 2011.

(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, 2010	Additions, net of recoveries	Abandoned or impaired	Sold	As at April 30, 2011
		$	$	$		$
Labrador						
Kamistaitusset - Iron Ore	a	1,850	322	-	(2,172)	**-**
Labrador Trough - Base Metals	b	633	-	(633)	-	**-**
Natashquan River - Nickel		299	72	-	-	**371**
Notakwanon River - Uranium	c	139	27	-	-	**166**
Labrador West - Iron Ore	d	15	66	-	-	**81**
Trough Iron - Iron Ore		-	58	-	-	**58**
Red Cross Lake South - Nickel		19	3	-	-	**22**
Snelgrove Lake - Iron Ore		116	193	(7)	-	**302**
Other		-	3	-	-	**3**
Newfoundland						
Topsails - Uranium/Copper	e	1,055	246	(2)	-	**1,299**
Rocky Brook - Uranium	f	85	7	-	-	**92**
Mustang Trend - Gold		128	(99)	(1)	-	**28**
White Bay - Gold		62	40	(102)	-	**-**
Moosehead - Gold	g	58	(46)	-	-	**12**
Taylor Brook - Nickel	h	14	179	-	-	**193**
Wing Pond - Gold		-	99	-	-	**99**
Other		68	81	(76)	-	**73**
New Brunswick						
New Brunswick Oil Shale	i	2,881	(107)	(2,774)	-	**-**
Nunavut						
Wager Bay - Gold		-	18	-	-	**18**
General Exploration						
GENEX - General Exploration		-	713	(713)	-	**-**
Security Deposits	n	166	441	(26)	-	**581**
Grand Total		**7,588**	**2,316**	**(4,334)**	**(2,172)**	**3,398**

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

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

Project	Note	As at April 30, 2009	Additions, net of recoveries	Abandoned or impaired	As at April 30, 2010
		$	$	$	$
Labrador					
Kamistaitusset - Iron Ore	a	2,241	(391)	-	1,850
Labrador Trough - Base metals	b	604	43	(14)	633
Natashquan River - Nickel		241	58	-	299
Notakwanon River - Uranium	c	126	13	-	139
Nuiklavik - Uranium		69	(67)	(2)	-
Labrador West - Iron Ore	d	14	2	(1)	15
Red Cross Lake South - Nickel		-	19	-	19
Wabush - Silica		-	2	(2)	-
Other		-	135	(19)	116
Newfoundland					
Topsails - Uranium/Copper	e	835	241	(21)	1,055
Viking - Gold		39	(39)	-	-
Rocky Brook - Uranium	f	40	45	-	85
Mustang Trend - Gold		37	91	-	128
White Bay - Gold		24	41	(3)	62
Boxey - Uranium		20	41	(61)	-
Moosehead - Gold	g	15	43	-	58
Taylor Brook - Nickel	h	-	14	-	14
Other		4	90	(26)	68
New Brunswick and Nova Scotia					
New Brunswick Oil Shale	i	2,287	594	-	2,881
New Brunswick Potash		-	3	(3)	-
Nova Scotia Potash		86	76	(162)	-
General Exploration					
GENEX - General Exploration		-	628	(628)	-
Security Deposits	n	332	(113)	(53)	166
Grand Total		**7,014**	**1,569**	**(995)**	**7,588**

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

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

a – Kamistaitusset ("Kami")

On November 2009 the Corporation entered into an agreement with a private company 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 was required to incur exploration expenditures totaling $5 million over a two-year period and to meet certain financing commitments to earn 100% of the Kami property. On December 8, 2010, Alderon earned a 100% interest in this property by meeting all the requirements of the option agreement and delivered to the Corporation 32,285,006 shares of Alderon at the time of closing (see Note 7). The Corporation also holds a 3% gross sales royalty relating to any potential future mining operations on the Kami property.

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. Under the terms of the agreement, both companies contributed their respective mineral land holdings and conjointly staked additional claims and will contribute equally to fund exploration programs. Cornerstone is the project operator. In May 2011, the Corporation decided to discontinue exploration on this property.

c - Notakwanon River

In May 2010, Golden Cross withdrew from an agreement to earn a 50% interest in the Notakwanon property. The Corporation is currently conducting exploration activities and is seeking a new partner to perform further exploration on this property.

d - Labrador West

Rio Tinto Exploration Canada Inc. (formerly named Kennecott Exploration Corporation) 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.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

e - Topsails

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

f - Rocky Brook

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

JNR earned a 70% interest in the Rocky Brook property by spending $2,525,000 on exploration expenditures by December 2008, and making a payment of 125,000 shares and other cash or share payments over the four year period totaling $172,000. Upon earn-in, the net smelter return obligation of the initial property acquisition agreement became an obligation of the joint venture. The Corporation did not participate in the the recent exploration programs, therefore, the Corporation's current ownership interest Rocky Brook has been reduced from 30% to 26.58%.

g - 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.

h - 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.

In March 2010, Northern Abitibi Mining Corp. ("Northern Abitibi") withdrew from an agreement to earn an initial 51% interest in the Taylor Brook property. The Corporation is currently seeking a new partner to further evaluate this property.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

i - 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 it did not intend to conduct field research on the property. In January 2011, the Corporation decided to discontinue exploration on this property.

j - South Tally Pond

The Corporation signed an agreement in December 2000 and has earned a 100% interest in the Corporation's South Tally Pond 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 Corporation 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.

k - Alexis River

Kirrin Resources Limited ("Kirrin") (formerly named Monroe Minerals Inc.) signed an agreement with the Corporation in July 2007 whereby they may earn up to a 60% interest in the Corporation's Alexis River uranium project in southeast Labrador by paying up to 250,000 shares and spending up to $1,250,000 on exploration by July 2011. This project is also subject to royalties in favor of the Corporation. The Corporation has received 200,000 shares to date and the agreement remains in good standing.

l - Nuiklavik

In January 2010, the Corporation sold 100% of this property to Rare Element Resources Limited in exchange for 200,000 common shares for net proceeds of $499,000 and a 2% gross overriding royalty interest. The gross overriding royalty is subject to a 1% buyback for $2.5 million at any time.

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

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

m - Cliffs Alliance Newfoundland & Labrador

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

n – 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 $1,951,000 for a refund of security deposits in the amount of $562,000.

5. ROYALTY INTEREST IN MINERAL PROPERTY

Voisey's Bay Royalty

	2011	2010
	$	$
Cost	**13,645**	13,645
Accumulated amortization	**3,279**	2,446
Net book value	**10,366**	11,199

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

6. PROPERTY AND EQUIPMENT

		2011	
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Computer equipment and software	**346**	**297**	**49**
Office equipment	**82**	**56**	**26**
Geological equipment	**263**	**161**	**102**
	691	**514**	**177**

		2010	
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Computer equipment and software	320	266	54
Office equipment	82	50	32
Geological equipment	208	129	79
	610	445	165

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

7. EQUITY INVESTMENTS AND LOANS

	Rambler	Alderon	Total
	$	$	$
Balance May 1, 2009	3,600	-	3,600
Foreign currency translation	(476)	-	(476)
Share of loss in equity investment	(350)	-	(350)
Dilution gain on issuance of shares by equity investee	291	-	291
Balance April 30, 2010	3,065	-	3,065
Foreign currency translation	238	-	238
Additions, net of disposals	(3,143)	87,919	84,776
Share of loss in equity investment	(160)	(1,999)	(2,159)
Dilution loss on issuance of shares by equity investee	-	(2,520)	(2,520)
Balance April 30, 2011	**-**	**83,400**	**83,400**

On January 5, 2011, the Corporation sold its 12 million shares in Rambler for cash proceeds of $5,925,000 and realized a net gain on disposal of investments on the transaction of $1,451,000.

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

The Corporation also acquired additional shares in Alderon for a total cost of $660,000 during the year ended April 30, 2011. Through the acquisition of 2260761 Ontario Inc. (Note 17) in November 2010, the Corporation also acquired an additional 284,000 shares in Alderon at a cost of $411,000.

On December 15, 2010, Alderon completed a bought deal financing whereby Alderon raised gross proceeds of $20,075,000 by issuing 9,125,000 units comprised of one common share and one half common share purchase warrant exercisable for two years at $2.80 per share. As a result of the transaction, the Corporation's ownership interest in Alderon was reduced to 40% and the Corporation recognized a dilution loss of $2,520,000.

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

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

8. MINING AND MINERAL RELATED INVESTMENTS

	2011	2010
	$	$
Investments		
(Cost: April 2011 - $17.7 million; April 2010 - $27.5 million)	**23,595**	30,715
Share purchase warrants		
(Cost: April 2011 - $1.8 million; April 2010 - $nil)	**2,169**	-
	25,764	30,715

The Corporation holds investments in other publicly traded and privately owned entities participating primarily in the resource sector, either through direct investment or in exchange for an interest in the Corporation's mineral properties. These investments are classified as available-for-sale. The fair value is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange.

During the year ended April 30, 2011, the Corporation acquired additional investments for a total cost of $14,291,000 (2010 - $25,078,000). The Corporation sold investments for gross proceeds of $32,263,000 (2010 - $38,125,000) at a cost of $28,727,000 (2010 - $34,995,000) for net gains on disposal of $3,536,000 (2010 - $28,741,000).

The share purchase warrants are considered derivative financial instruments for accounting purposes, and any change in fair value is included in net earnings for the year. The fair value of the share purchase warrants is estimated using the Black-Scholes option pricing model, which uses inputs other than quoted market prices to determine the estimated fair market value.

During the year ended April 30, 2011, the Corporation recorded an unrealized gain on the fair value adjustment of derivatives of $1,422,000 (2010 - $nil) and acquired additional share purchase warrants at a total cost of $315,000 (2010 - $nil).

In June 2010, the Corporation acquired beneficial ownership and control of an aggregate of 4,227,273 common shares of Millrock Resources Inc. ("Millrock"), representing approximately 7.3% of the issued and outstanding common shares, pursuant to the exercise of 4,227,273 common share purchase warrants (the "Warrants") at an exercise price of $0.30 per warrant for a total cost of $1,268,000.

Millrock also issued to the Corporation, through a private placement, a total of 3,450,000 new common share purchase warrants. Each new warrant entitles the Corporation to purchase one common share at an exercise price of $0.45. The new warrants expire in June 2015.

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

8. MINING AND MINERAL RELATED INVESTMENTS (CONTINUED)

In December 2009, Royal Gold Limited ("Royal Gold") entered into a Plan of Arrangement Agreement with International Royalty Corporation ("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 16, 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 $63,132,000 including cash of $37,520,000 and 529,297 shares in RG ExchangeCo Inc. The RG ExchangeCo Inc. shares have all the rights of Royal Gold common shares and are convertible into Royal Gold common shares at the option of the holder. The Corporation realized a gain on disposal of the IRC shares of $28,413,000 as a result of the plan of arrangement.

9. INCOME TAXES

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

	2011	2010
	$	$
Temporary differences related to mineral properties and deferred exploration costs	**(682)**	(1,982)
Tax values of property and equipment in excess of net book values	**317**	358
Capital loss carryforward	**28**	28
Carrying value of investments less than tax values	**(12,284)**	(4,784)
Deferred partnership income	**(501)**	(234)
Share issuance costs	**192**	382
Deferred and stock-based compensation	**595**	-
Other	**17**	46
	(12,318)	(6,186)
Distributed as follows:		
Future income taxes - current	**(501)**	(234)
Future income taxes - long-term	**(11,817)**	(5,952)
	(12,318)	(6,186)

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

9. INCOME TAXES (CONTINUED)

Income taxes differ from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 31.5% (2010 – 32.67%) to earnings before income taxes as follows:

	2011	2010
	$	$
Expected tax expense	**25,042**	8,106
Non-taxable portion of capital gains and impairments	**(15,691)**	(4,695)
Stock-based compensation	**226**	426
Permanent tax rate differences arising from dilution gains, equity earnings and warrant revaluation	**695**	27
Effect of changes in the future income tax rate in the period of reversal	**(1,300)**	(16)
	8,972	3,848

10. SHARE CAPITAL

Authorized

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

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

During the year ended April 30, 2010, the Corporation repurchased and cancelled 55,300 common shares for a total cost of $331,000 under its normal course issuer bid compared to $nil for the year ended April 30, 2011.

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

11. 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.

	2011	2010
Weighted average number of shares:		
Basic	**28,672,301**	28,386,538
Diluted	**29,030,475**	28,551,228

12. STOCK-BASED COMPENSATION PLANS

Stock Options

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, 2011 and changes during the year then ended is as follows:

	2011		2010	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of year	**1,433,500**	**9.67**	1,298,500	9.57
Granted	**10,000**	**10.13**	370,000	7.00
Exercised	**(265,000)**	**5.28**	(235,000)	4.89
Forfeited	**(215,500)**	**11.70**	-	-
Outstanding, end of year	**963,000**	**10.43**	1,433,500	9.67
Exercisable, end of year	**628,000**	**11.44**	751,250	10.14

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

12. STOCK-BASED COMPENSATION PLANS (CONTINUED)

The weighted-average fair value of stock options granted during 2011 was estimated on the dates of grant to be $4.23 (2010 - $2.82) using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
Expected life (years)	**4.00**	4.00
Risk-free interest rate (%)	**2.80**	2.32
Expected volatility (%)	**50.00**	50.00
Expected dividend yield (%)	**-**	-

The following table summarizes information about stock options outstanding and exercisable at April 30, 2011:

	Total Options Outstanding			**Total Exercisable Options**		
Range	**Outstanding Options**	**Average Remaining Contractual Life**	**Weighted Average Strike Price**	**Vested Options**	**Average Remaining Contractual Life**	**Weighted Average Strike Price**
	#	**Years**	**$**	#	**Years**	**$**
$4.15 to $6.00	260,000	2.5	5.60	144,000	2.5	5.60
$6.01 to $8.00	327,000	3.1	7.05	150,000	2.7	7.10
$8.01 to $12.00	201,000	0.8	8.39	193,000	0.6	8.32
$12.01 to $15.00	20,000	1.0	13.04	16,000	1.0	13.04
$28.00	155,000	1.5	28.00	125,000	1.5	28.00
Total	963,000	2.2	10.43	628,000	1.7	11.44

Share Appreciation Rights (“SAR”) Plan

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

During the current fiscal year, the Corporation awarded 700,000 SARs to management at a reference price of $10.82. The SARs vest in three tranches over a five year period, with one third vesting on each of the third, fourth, and fifth anniversaries of the award date.

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

12. STOCK-BASED COMPENSATION PLANS (CONTINUED)

The total compensation cost to be recognized over the vesting period for the SARs is measured as the amount by which the quoted market price of the Corporation's shares exceeds the reference price of $10.82. The total liability will be re-measured at each period-end with any increase or decrease in value affecting the compensation cost.

Because the units are cash-settled, the estimated net obligation of the amount expensed to date based on the vesting schedule will be disclosed as a liability on the Corporation's consolidated balance sheet. At April 30, 2011, $241,000 was recognized related to the SARs.

Directors' Deferred Share Unit ("DSU") Plan

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

Other Liability

Other liability consists of the following:

	2011	2010
	$	$
Director DSUs	**240**	-
Share appreciation rights	**241**	-
	481	-

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

13. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

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

	2011	2010
	$	$
Unrealized loss on the translation of financial statements of self-sustaining equity investment (net of income taxes: April 2010 - $234)	**-**	(1,333)
Unrealized gains on available-for-sale investments (net of income taxes: April 2011 - $(661) and April 2010 - $(477))	**4,357**	2,712
	4,357	1,379

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

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2011	2010
	$	$
Items not affecting cash:		
Generative exploration and mineral properties abandoned or impaired	**4,334**	995
Stock-based compensation	**1,200**	1,304
Amortization	**903**	513
Share of loss in equity investments	**2,159**	350
Dilution (loss)gain on issuance of shares by equity investment	**2,520**	(291)
Future income taxes	**5,604**	4,029
Unrealized gain on fair value adjustment of derivatives	**(1,422)**	-
Gain on disposal of mineral property	**(84,675)**	(499)
Gain on disposal of equity investment	**(1,451)**	-
Gain on disposal of investments	**(3,536)**	(28,741)
	(74,364)	(22,340)
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**(1,095)**	950
Accounts payable and accrued liabilities	**1,171**	593
Income taxes payable and receivable	**6,209**	(2,188)
	6,285	(645)
Income taxes (paid) received	**2,818**	(2,343)
Non-cash items:		
Receipt of shares in Alderon in exchange for interests in mineral property	**86,847**	-
Receipt of available-for-sale financial assets in exchange for interests in mineral property	**3**	726
Receipt of RG Exchange Co Inc. shares as partial consideration for IRC common shares	**-**	25,612
Stock-based compensation capitalized	**-**	259

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

15. RELATED PARTY TRANSACTIONS

	2011	2010
	$	$
Revenue from companies subject to significant influence	**3**	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
Legal services received from a partnership, one of the partners of which is a director of the Corporation and reflected as:		
Mineral properties and deferred exploration costs	**14**	7
General and administrative expenses	**21**	18
	35	25

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 in the amount of $10,400 after adjusting for an allowance for doubtful accounts of $6,400 (April 30, 2010 - $6,400).

During the year, a payment of $76,000 (2010 - $nil) was paid to the non-controlling interest of 2260761.

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

16. 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:

	2011	2010
	$	$
Balance Sheets		
Current assets	**975**	155
Royalty interest in mineral property	**10,366**	11,199
Statement of Earnings		
Royalty revenue	**2,872**	1,654
Royalty tax	**(598)**	(331)
General and administrative	**(27)**	(109)
Amortization	**(833)**	(379)
Statements of Cash Flows		
Operating activities	**1,427**	2,206

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

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

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

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

The Corporation followed the acquisition method of accounting for this transaction and has consolidated the financial results into its consolidated financial statements, with a corresponding deduction for the non-controlling interest portion of net assets, earnings, and other comprehensive earnings. The following table summarizes the preliminary estimated fair values of the Corporation's acquired interest in the assets and liabilities on November 1, 2010. These amounts are based on preliminary valuation data and, as such, are subject to revision and update pending additional available information.

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

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

18. SEGMENTED INFORMATION

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

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

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

18. SEGMENTED INFORMATION (CONTINUED)

	Year ended April 30, 2011			
	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
Revenue				
Royalty	2,872	-	-	2,872
Interest and investment	2,570	25	11	2,606
Other	-	123	-	123
	5,442	148	11	5,601
Expenses				
General and administrative	409	1,649	3,415	5,473
Generative exploration and mineral properties abandoned or impaired	-	4,334	-	4,334
Stock-based compensation	-	-	1,200	1,200
Amortization	833	70	-	903
Royalty tax	598	-	-	598
	1,840	6,053	4,615	12,508
Earnings (loss) before the following	3,602	(5,905)	(4,604)	(6,907)
Gain on disposal of investments	3,536	-	-	3,536
Gain on disposal of equity investments	1,451	-	-	1,451
Gain on disposal of mineral property	-	84,675	-	84,675
Unrealized gain on fair value adjustment of derivatives	1,422	-	-	1,422
Dilution loss on issuance of shares by equity investee	(2,520)	-	-	(2,520)
Share of loss in equity investments	(2,159)	-	-	(2,159)
Earnings (loss) before income taxes and non-controlling interest	5,332	78,770	(4,604)	79,498
Income tax expense				
Current				3,368
Future				5,604
				8,972
Net earnings before non-controlling interest				70,526
Non-controlling interest				(287)
Net earnings attributable to common shareholders				70,239

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

18. SEGMENTED INFORMATION (CONTINUED)

	Year ended April 30, 2010			
	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
Revenue				
Royalty	1,654	-	-	1,654
Interest and investment	1,171	-	-	1,171
Other	-	346	-	346
	2,825	346	-	3,171
Expenses				
General and administrative	898	1,600	1,900	4,398
Generative exploration and mineral properties abandoned or impaired	-	995	-	995
Stock-based compensation	-	367	937	1,304
Amortization	378	135	-	513
Royalty tax	331	-	-	331
	1,607	3,097	2,837	7,541
Earnings (loss) before the following	1,218	(2,751)	(2,837)	(4,370)
Gain on disposal of investments	28,741	-	-	28,741
Gain on disposal of mineral property	-	499	-	499
Dilution gain on issuance of shares by equity investee	291	-	-	291
Share of loss in equity investments	(350)	-	-	(350)
Earnings (loss) before income taxes and non-controlling interest	29,900	(2,252)	(2,837)	24,811
Income tax expense (recovery)				
Current				(181)
Future				4,029
				3,848
Net earnings before non-controlling interest				20,963
Non-controlling interest				-
Net earnings attributable to common shareholders				20,963

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

18. SEGMENTED INFORMATION (CONTINUED)

	April 30, 2011				April 30, 2010			
	Royalty and Investment	**Exploration**	**Corporate**	**Total**	Royalty and Investment	Exploration	Corporate	Total
	$	**$**	**$**	**$**	$	$	$	$
Total assets	**308,539**	**3,798**	**1,482**	**313,819**	209,892	12,618	1,048	223,558

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Determination of Fair Value

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

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities. Excepted as noted below, all of the Corporation's cash and cash equivalents, marketable securities, and the mining and mineral related investments are determined by reference to valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities, or Level 1 as defined above.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The Corporation holds derivatives with a carrying value of $2,169,000 which are carried at the Black Scholes valuation, which uses some market inputs and assumptions based on observable data.

Level 3 – valuation techniques with significant unobservable market inputs. Included in mining and mineral related investments are private company investments with a carrying value of $3,565,000. These private company investments are recorded at their carrying value and are evaluated at each reporting period for impairment.

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

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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:

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. 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 and cash equivalents, 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.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

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 $4,380,000 net of applicable taxes.

20. 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.

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

21. COMMITMENTS

Operating leases

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

	$
2012	**155**
2013	**140**
2014	**125**
	420

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 $2,425,000 by April 30, 2012 in order to maintain various licenses in good standing, of which $1,951,000 is required to be spent for a refund of security deposits in the amount of $562,000.

22. 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.