ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis
of Financial Conditions and Results of Operations
Nine Months Ended January 31, 2012

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the nine months ended January 31, 2012 and related notes. This MD&A has been prepared as of March 8, 2012.

Management's discussion and analysis of financial condition and results of operations contains forward–looking statements. By their nature, these statements involve risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information regarding the Corporation, including copies of the Corporation's continuous disclosure materials is available on the Corporation's website at www.altiusminerals.com or through the SEDAR website at www.sedar.com .

Description of Business

Altius Minerals Corporation's ("Altius" or the "Corporation") principal business activities are focused on the generation and acquisition of natural resource projects, royalties, and investments. The Corporation pursues this objective through its two complementary business segments.

Exploration and Royalty Creation:
The Corporation conducts early stage and typically low-cost mineral exploration and prospect generation primarily in Eastern Canada. It utilizes a team of approximately 10 professional geologists and prospectors that create mineral exploration initiatives through concept development and field-based research. Concepts of merit are advanced through to mineral rights acquisition and, upon successful early-stage exploration and prospecting, to the target generation stage. The Corporation's project portfolio currently consists of approximately 20 projects covering prospective targets for iron ore, gold, uranium, nickel, and other base metals.

Project level partnerships with a range of global exploration and mining companies are then sought as the means of further project advancement. The Corporation prefers to create agreements with other companies related to the mineral exploration opportunities it generates, which results in the Corporation carrying minority and non-operating project and/or equity interests and royalty interests. The Corporation currently has eight active exploration agreements with partners on projects located throughout Newfoundland and Labrador. Additional information on specific exploration projects is located in the ***Exploration Overview*** section of this MD&A.

Investment and Royalty Acquisition:
Building upon its success in mineral exploration and prospect generation, the Corporation has segregated the majority of its accumulated profits into a separate business segment with two primary objectives: 1) to seek out royalty based financing opportunities of top tier development stage assets and/or the acquisition of existing royalty interests under third party control on development and production stage mining assets; and 2) the selective investment in natural resource related and early stage companies with a goal of long term capital appreciation.

The Corporation currently has one producing royalty interest - an effective 0.3% net smelter return royalty ("NSR") in Vale's Voisey's Bay nickel-copper-cobalt mine. The Corporation also holds other significant pre-development stage royalty interests that include: a 3% gross sales royalty ("GSR") on Alderon Iron Ore Corporation's ("Alderon") Kamistiatusset ("Kami") iron ore project in Western Labrador; a 2% GSR on production from Paladin's Central Mineral Belt uranium project, as well as several earlier stage royalties. Additional information on the status of non-producing royalty interests is available in ***Table 2: Summary of Exploration and Pre-production Stage Royalties*** of this MD&A.

The Corporation's investments in mining and mineral resource related companies include an approximate 33% equity interest in Alderon and a 39.6% interest in Newfoundland and Labrador Refining Corporation ("NLRC").

The Corporation also holds 72.8% of a company it co-founded in October 2010, 2260761 Ontario Inc. ("2260761"), to portfolio invest in predominantly early stage exploration and resource related companies with a goal of long term capital appreciation. This company is managed independently by Paul van Eeden, who has a successful mining and investment industry track record and has also invested his own funds alongside the Corporation in the new venture.

Additional information on investments and investing activity is included in the **Investments Overview** section of this MD&A.

The Corporation has over $299,000,000 in total assets and no debt. Current holdings include $173,000,000 in cash and highly liquid marketable securities and several mining and mineral related investments with a current carrying value of $111,000,000.

Operational and Business Overview

The Corporation's net earnings attributable to common shareholders for the three months ended January 31, 2012 was $2,461,000 or $0.08 per share. The earnings recorded were from revenue of $5,805,000, which included royalty revenue of $1,192,000 and $3,941,000 in option payments received from earn-in partners during the quarter.

Progress on partner funded and/or investee controlled properties was very positive during the quarter.

Alderon continued progress towards potential development of its 100% owned Kami iron ore project located in the Labrador West mining district. The published resource estimate for all three zones (North Rose, Rose Central and Mills Lake) within the Kami project is 490 million tonnes at 30.0 per cent iron indicated and 598 million tonnes at 30.3 per cent iron inferred. Infill drilling is ongoing to improve the resource category in anticipation of the completion of a feasibility study in the second half of 2012. During the current quarter, Alderon also raised gross proceeds of $46,000,000 through two equity financings, which should give it sufficient financial capacity to continue with its planned programs for the foreseeable future.

Alderon's progress is described in greater detail in the ***Investments Overview*** section of this MD&A and on their web site at http://www.alderonironore.com/.

Rio Tinto Exploration Canada Limited ("Rio Tinto") notified the Corporation that they have met the requirements to have earned a 51% interest in certain Labrador iron ore properties, located approximately 17 kilometres northeast of the Iron Ore Company of Canada's Carol Lake operations. Rio Tinto has also indicated that it intends to earn an additional 19% of the project by incurring an additional $4 million in exploration expenditures over a three year period. The properties are subject to a 3% GSR in favour of the Corporation, 1% of which may be purchased by Rio Tinto for $10 million within the 10th anniversary of the agreement. Rio Tinto also recently advised the Corporation of positive drill hole results including 279 metres of 29.8% iron content at the Goethite Bay prospect. Full detailed drill results will be reported separately by the Corporation as they become available.

During the quarter, the Corporation closed the sale and royalty agreement with Century Iron Mines Corporation ("Century") covering four large properties within Altius' regional iron ore portfolio in western Labrador: Astray, Grenville, Menihek and Schefferville. Collectively, these projects cover 1,647 square kilometres of underexplored, prospective iron formation within the Newfoundland and Labrador portion of the Labrador Trough between the established Schefferville and Labrador City/Wabush mining centres. This agreement anticipates $28 million in exploration expenditures by Century to earn 100% of the properties, subject to a 1-4% sliding scale GSR in favour of Altius. The Corporation has received 2,000,000 shares in Century to date in accordance with the agreement. Potential additional share payments are in accordance with agreement anniversaries and resource tonnage milestones being reached.

During the quarter, the Corporation completed the analysis of the airborne gravity survey of the Snelgrove Lake property, which was conducted to identify high-grade direct shipping ore (DSO) targets along with larger potential taconite resource. The 10,600 hectare Snelgrove Lake property is located 50 kilometres southeast of the past-producing Schefferville iron ore mining district and is adjacent to the Sawyer Lake deposit held by Labrador Iron Mines Limited. Interpretation of the gravity survey has identified 7 potential DSO targets, 22 potential magnetite (taconite) targets, and 18 mixed grade targets within the project area. Basic iron recoverability tests of select samples from the Snelgrove property were also recently undertaken and results suggest the Snelgrove taconite is similar in recovery to other taconite projects being advanced in the district. The Corporation is actively seeking a partner to conduct a drill program on this project.

The Corporation also holds 1,175 hectares of property surrounding the Julienne Lake iron ore deposit, which reports a historic and non-NI 43-101 compliant resource of 558.8 million tonnes grading 35% iron and was recently the subject of a resource confirmation program (results pending) undertaken by the Province of Newfoundland and Labrador. Altius has completed a ground gravity and magnetics survey over its Julienne Lake property and a preliminary interpretation suggests that the Corporation's claims cover the potential extensions of the Julienne Lake iron ore deposit. The Corporation is currently planning a drill program to test these targets. The property is strategically located 23 km northeast of the Iron Ore Company of Canada's Carol Lake operation.

The Corporation is also actively discussing potential exploration agreements with several industry partners on certain properties, including the Snelgrove Lake iron ore, Julienne Lake iron ore, and Natashquan nickel-copper-PGE's projects. The Corporation's near term objective is to attract third party funding agreements on these and other generated projects.

Outlook

The Corporation is encouraged by the progress being made by its various partners on Altius' initiated projects in the Labrador West Iron Ore district, and in particular that of Alderon. Alderon anticipates completion of a feasibility study within 2012 which will determine mining viability and potential commercial production at its Kami project. Successful development of the Kami project would result in a significant increase in royalty income for the Corporation.

The Corporation currently has two other significant iron ore projects in Labrador West for which it is seeking alliance partners: the Snelgrove Lake and Julienne Lake projects. Over the next 3-4 months, the Corporation will focus its efforts on attracting suitable partners to further advance these and other prospects within the portfolio. The Corporation also plans to conduct an early-stage drill program on the Julienne Lake project to confirm the extensions onto its claim holdings of the historically identified deposit.

Planning is underway for exploration programs on several joint venture and wholly owned projects for the upcoming season, including the Cliffs alliance, Topsails alliance and other projects. Partner-funded expenditures are expected to constitute a significant portion of the 2012 exploration budget.

The value of the Corporation's shares in junior mineral exploration companies improved slightly during the quarter in tandem with the broader market improvement. The Corporation will continue to monitor royalty financing/investment opportunities in hopes of identifying royalty investments that meet its objectives in terms of value and underlying asset quality. Considering the Corporation's strong balance sheet, with over $173 million in cash and highly liquid marketable securities available, it is well positioned to take advantage of such opportunities, should they arise.

The Corporation expects royalty revenue from the Voisey's Bay mine to continue at current annualized levels of approximately $3.5 - $4.0 million based on current nickel prices and production volumes. Interest revenue is expected to remain low in the near term as a result of continuing low interest rate conditions.

The Corporation will continue to maintain its financial and technical discipline by employing the 'prospect generation' model of attracting funding partners to its projects, which has resulted in over 50 alliance/JV-earn-in/sales agreements and the creation of three special purpose companies ("spin outs") over the Corporation's twelve year history.

Investments Overview

Alderon

On December 8, 2010, Alderon successfully earned a 100% interest in the 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 common shares of Alderon (representing approximately 45% of the issued Alderon common shares) 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.

By virtue of its large shareholding position and its board participation, the Corporation accounts for its interest in Alderon using the equity method. Under this method, the Corporation will pick up its proportionate share of the net earnings (loss) of Alderon, with a corresponding adjustment to the carrying value of the investment.

In December 2010, Alderon completed a private placement financing for gross proceeds of $20,075,000, which reduced the Corporation's ownership interest from 45% to 40%. In January Alderon appointed BBA Inc. and Stassinu Stantec Limited Partnership to conduct a Scoping Study on the Kami Project. Subsequently, Alderon initiated discussions with Iron Ore Company of Canada on use of the Quebec North Shore & Labrador railway and also with the Port of Sept-Iles for access to their planned deep water multi-user facility. These discussions serve as a means to firm up accountabilities, logistics and costs as part of a Feasibility Study to be completed during 2012.

On April 5, 2011 Alderon released initial results of its NI 43-101 technical report of the Kami Project. The initial resource estimate included an indicated iron ore resource of 490 million tonnes at 30.0 per cent iron and an additional inferred resource of 118 million tonnes at 30.3 per cent iron, based on a cut-off grade of 20 per cent iron. The resource estimate is based on the Rose Central and Mills Lake zones.

Subsequent metallurgical results of the Rose Central and Mills Lake zones were also released by Alderon. Highlights of the results include the projected weight recovery of 37.8% and iron recovery of 82.8%. Alderon is considering the production of a single combined concentrate from spiral (density) and magnetic separation processes. Approximately 78% of the total concentrate is expected to be produced by the spirals and 22% by the mag-plant. The testwork demonstrates that a concentrate is anticipated that is acceptable for market demands, having very low deleterious elements and with manganese within an acceptable range at 0.75%, which will allow for the broadest possible market for the Kami product.

On September 8, 2011, Alderon released results of the Preliminary Economic Assessment ("PEA") study on the Rose Central Deposit of the Kami property completed by BBA Inc. ("BBA") located in Montreal, Quebec and Stassinu Stantec Limited Partnership ("Stantec") located in St. John's, Newfoundland & Labrador. The PEA demonstrates very attractive project economics. Based on a production rate of 8 million tonnes per year of iron ore concentrate at a grade of 65.5% iron and an iron recovery of 82.8%, the PEA shows a Net Present Value ("NPV") of US$3.07 billion at a cash flow discount rate of 8%. The internal rate of return ("IRR") for the project is 40.2%. The level of accuracy of the PEA is considered to be -20%/+30%. The PEA is currently based only on the development of the defined resources of the Rose Central deposit and not on the Rose North deposit. Readers are referred to http://www.alderonironore.com/ for full details of the PEA.

On September 13, 2011 Alderon released the results of the initial NI 43-101 mineral resource estimate on the North Rose deposit of the Kamistiatusset (Kami) iron ore project. The inferred mineral resource estimate at North Rose totals 480 million tonnes at 30.3 per cent iron based on a cut-off grade of 20 per cent iron. The resource estimate for all three zones (North Rose, Rose Central and Mills Lake) within the Kami project is: 490 million tonnes at 30.0 per cent iron indicated and 598 million tonnes at 30.3 per cent iron inferred.

In December 2011, Alderon completed a non-brokered private placement of two million flow-through common shares at a price of $3.00 per flow-through share for gross proceeds of $6-million. The gross proceeds raised from the offering will be used by Alderon for exploration expenditures on its Kami project, which will constitute Canadian exploration expenditures (as defined in the Income Tax Act (Canada)) and will be renounced for the 2011 taxation year. The Corporation did not participate in this financing.

In January 2012, Alderon closed a $40 million equity financing with Liberty Metals & Mining Holdings, LLC (“LMM”), a subsidiary of Liberty Mutual Group. LMM purchased 14,981,273 common shares of Alderon on a private placement basis for an aggregate purchase price of approximately $40 million at a price per purchased share of $2.67. Alderon intends to use the net proceeds of the placement primarily to fund the drilling program and feasibility study for the Kami iron ore project, to secure long-lead equipment and for general and administrative expenses. The Corporation did not participate in this financing. As a result of these financings, the Corporation’s interest in Alderon was reduced from approximately 40% to 33%.

Alderon is currently conducting infill drilling on the North Rose Zone to upgrade the resource category to be utilized in the feasibility study. It is anticipated that the feasibility study will be completed in the second half of 2012. In addition, Alderon is in discussions with various parties regarding project financing and offtake agreements.

2260761

The Corporation currently holds a 72.8% interest in 2260761, a company co-founded with Mr. Paul van Eeden to invest in early-stage companies with a goal of long term capital appreciation. The financial results of 2260761 are included in the Corporation’s consolidated financial statements by virtue of the Corporations ownership percentage. The total asset values of 2260761 were as follows:

Amounts in thousands of dollars

$	January 31, 2012	October 31, 2011	July 31, 2011	April 30, 2011
Cash and marketable securities	**9,353**	10,668	11,833	13,263
Private and public company investments	**17,515**	15,551	18,252	18,838
Total	**26,868**	26,219	30,085	32,101

The value of investments improved slightly during the quarter in tandem with the broader market valuations for early stage resource companies. However, there are still some attractive entry levels for new investments at the current market level.

NLRC

The Corporation currently holds a 39.6% equity interest in NLRC, a private company that has earned permitting rights to and proposed the construction of a new 300,000 barrel per day crude oil refinery at Southern Head, Placentia Bay, Newfoundland and Labrador, Canada. NLRC is currently operating under a creditor standstill period with a mandate to sell its assets or complete financing of the project.

NLRC continues to seek out a strategic partner or buyer for the refinery project. Efforts of late have focused mainly on Asian based state owned interests.

Mineral Exploration Projects Overview

The Corporation’s goal is to develop new exploration concepts and to continually refresh the Corporation’s portfolio of exploration projects resulting in third party funding agreements. Project generation primarily focuses on early-stage 'grassroots' exploration in prospective geological terranes for an array of commodities that currently include iron ore, gold, nickel, copper, and other base metals. As a result of these efforts, the Corporation currently has eight active earn-in agreements or exploration alliances with various third parties on properties located throughout the province of Newfoundland and Labrador in Canada.

The Corporation incurred $1,024,000 in net exploration expenditures during the nine months ended January 31, 2012 as well as $432,000 on early-stage reconnaissance in several areas throughout Newfoundland and Labrador, Quebec, Yukon and Nunavut with the goal of identifying additional exploration projects of merit.

In December, 2010, the Corporation entered into a strategic exploration alliance with CNR for nickel (including nickel-sulphide and nickel-iron alloy minerals) and chromium within specific areas of Newfoundland and Labrador. The alliance combines the Corporation’s exploration expertise in Eastern Canada with the capital funding, development and operating strength of CNR. CNR is funding regional and generative exploration to a value of $2,200,000 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% NSR royalty in favour 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.

Work under the alliance commenced in the fall of 2010 and field programs resumed in June 2011. 4,200 mineral claims (105,000 Ha) have been staked over prospective areas. Field work continued in the third quarter in order to complete the initial phase 1 exploration program for this large land package. Although final results will not be available until early 2012, the Corporation anticipates continued support from Cliffs under this alliance program as it endeavours to generate targets of merit.

In early 2011, the Corporation staked 22 licenses comprising 1,799 claims (44,975 Ha) which comprise the Saglek iron ore project in northern coastal Labrador, located between 140 and 240 km north of Voisey's Bay. In addition, the Corporation finalized an agreement with CNR to expand the existing alliance to include the Saglek iron project. Under the expanded alliance, CNR is expected to fund and Altius is expected to carry out regional generative exploration to a value of approximately $400,000 on the Saglek claims. The claims cover seven priority target areas identified from mapped Archean iron formation and associated magnetic anomalies. An initial reconnaissance program of mapping and sampling was completed in the late summer. Altius and Cliffs are assessing the results of the 2011 program and a follow up program is being considered for 2012.

Under an option agreement with the Corporation, Rio Tinto continued to explore eight exploration licenses throughout the western Labrador iron ore mining district. An earn-in exploration and royalty agreement was executed in December 2008 allowing Rio Tinto to ultimately earn up to a 70% interest in the licenses in two stages by incurring at least $7,000,000 in exploration expenditures within five years. The Corporation retains a 3% gross overriding royalty of which 1% may be purchased for $10,000,000 on or before the tenth anniversary of the agreement.

Altius was recently notified that Rio Tinto, in addition to having met its initial earn-in obligation of $3,000,000 for a 51% interest, is pursuing its second option to earn an additional 19% interest (70% total) by spending a further $4,000,000 by Dec 9, 2013. Initial drilling was undertaken during summer 2010 on some of the claims and Rio Tinto has recently advised the Corporation of the final results from its follow up 2011 drill program. A total of 2,633 metres of drilling on the Goethite Bay prospect, located approximately 17 km north east of Iron Ore Company of Canada's Carol Lake operation and 6 km north of the Julienne Lake deposit, has resulted in drill hole 11LB0027 intersecting 279 m @ 29.8% iron, including 157 m @ 31.9% iron and 90 m @ 31.9% iron. Additional drill results will be released as they become available.

The Topsails property, a 50/50 alliance between JNR Resources Inc. ("JNR") and the Corporation, is located near the former mining community of Buchans. Results from 2010 include the discovery of at least three new granite-hosted prospects: Koorae Prospect - up to

0.84% copper, 0.9 g/t silver and 0.02% molybdenum from porphyritic granitoid rocks and up to 0.91% copper, 3.9 g/t silver and 0.008% molybdenum from granodioritic host rocks; Sheffield Lake South Prospect - up to 0.36% copper with 66.4 g/t silver and 0.14% copper plus 0.16% molybdenum, from felsic intrusive rocks. In addition, high-grade mineralization of 3.9% molybdenum and 95.3 g/t silver was discovered. In the second quarter, the Corporation and JNR completed additional trenching which has resulted in the identification of new molybdenum and copper occurrences. Altius and JNR are seeking a senior partner for this project.

The Snelgrove Lake project is wholly owned by the Corporation and is located approximately 50 kilometres southeast of the past-producing Schefferville iron ore mining district. Iron formation outcrops over a strike length of 28 kilometres and iron assays are typical of taconite in the region, yielding a median value of 32% iron (average of 184 samples). In addition to the large tonnage taconite resource potential, high-grade direct shipping ore (DSO) deposit potential is indicated based on the adjacent Sawyer Lake iron deposit located immediately south of the Snelgrove Lake claims.

During the quarter, the Corporation received data and an interpretation of the results of a 1,919 kilometre high-sensitivity aeromagnetic and FALCON™ Airborne Gravity Gradiometer (AGG) survey conducted over the Snelgrove Lake property in the fall of 2011. The interpretation defines 7 potential direct shipping ore (DSO), 22 potential magnetite (taconite) and 18 mixed grade targets within the Snelgrove Lake property. Several DSO targets occur within 2 to 12 km of the Sawyer Lake deposit which contains a historic resource of 12 million tonnes @ 61.8% iron (non 43-101 compliant resource based on work by IOCC in 1983) and which occurs immediately adjacent the Snelgrove Lake claims. No drilling has ever been undertaken on the Snelgrove Lake project.

In addition, Davis Tube testing on six representative taconite samples were recently completed at SGS Lakefield. The Davis Tube tests suggest that an iron concentrate with acceptable Fe grade and SiO2 values can be obtained which are similar to other taconite projects being advanced in the district. The magnetite-rich samples (NL-11-02-02, NL-11-02-13, NL-11-03-05 & NL-11-03-10) yielded acceptable weight recoveries of 30 to 53% and Fe grades in the magnetic concentrate were 64 - 69.5% Fe. The Corporation is actively seeking a partner to fund an initial drill program to test the various targets identified on the project.

The Corporation holds mineral rights covering the projected extensions of the Julienne Lake deposit under Wabush Lake and Julienne Lake in Labrador West, approximately 15 km northeast of Iron Ore Company of Canada's Carol Lake operation. The deposit contains a historic and non-NI 43-101 compliant resource of 558.8 million tonnes grading 35% iron which was recently the subject of $2,100,000 work program undertaken by the Newfoundland and Labrador provincial government. In 2011, the Corporation completed a ground gravity survey to evaluate the resource potential of the Julienne Lake deposit on its claims. A final report was received that identifies coincident positive gravity and magnetic anomalies trending along strike in both the northeast and southwest directions of the existing deposit currently being advanced by the province. To the northeast, a Bouguer gravity anomaly measuring up to 5 mGals in intensity is approximately 1950 metres in strike and approx 1000 metres in width and also coincides with multiple strong magnetic anomalies. To the southwest, a 900 metre long and up to 500 m wide

2.5 mGal Bouguer gravity anomaly also coincides with high magnetic intensity. These two areas are separated by 1.6 km of land currently owned by the Province which hosts the previously drilled portions of the Julienne Lake iron ore deposit. The Corporation is planning a winter drill program to confirm the extensions of the deposit and is seeking a Partner for this project.

During the quarter, the Corporation signed a sales and royalty agreement with Century covering four major claim blocks within Altius' regional iron ore portfolio in the Labrador Trough: Astray, Grenville, Menihek and Schefferville. Previously and collectively referred to as the 'Trough Iron' project, these projects cover 1,647 square kilometres and a significant portion of the indicated iron formation within the Newfoundland and Labrador portion of the Labrador Trough. Preliminary results from a recently completed 22,000 line kilometre airborne horizontal gradient and magnetic total field survey and initial ground follow-up work indicate that multiple targets for each of the major recognized iron ore types (i.e., taconite, meta-taconite, and direct shipping ore) that are presently being mined or are under development in the region are present throughout this extensive land package. Under the Agreements, Century will acquire a 100% interest in the four projects for exploration expenditures of $7 million per project and the issuance of 5 million Century shares cumulatively over a two year period. Altius will retain a 1% to 4% sliding scale GSR on the properties as well as additional consideration of “bonus” Century shares as National Instrument 43-101 compliant iron ore resources are defined above various thresholds. A minimum $4,300,000 program is being planned by Century for the upcoming field season. Century will be operator and the Corporation will provide technical support as requested.

The wholly-owned Taylor Brook project is located in western Newfoundland and hosts high grade nickel-copper-platinum group elements (PGE) mineralization. Previous drilling revealed that four of five airborne EM conductors tested were due to occurrences of nickel-bearing massive sulphides, including intercepts such as 4.5% nickel, 0.16% copper, and 0.073% cobalt over a core length of 0.95 meters. During the Fall of 2011 the Corporation conducted ground follow up of selected targets from a 2,417 km airborne EM-Mag survey flown in 2010 and was successful in identifying additional mineralized rocks considered prospective for nickel-copper. The Corporation presently holds title to 201 claims (approx 50 square kilometers) centered on the nickel prospects at the Taylor Brook property and is seeking a partner to advance this drill-ready project.

In 2010, the Corporation conducted prospecting and sampling on its wholly-owned Natashquan nickel-copper-PGE project located in southern Labrador. An airborne EM and magnetics survey in 2008 and subsequent prospecting resulted in the discovery of semi-massive to massive sulphide mineralization. Assays include up to 8.35% Cu and 3.48 g/t total PGE's as well as 1.07% Ni from grab samples in hand dug trenches. Soil sampling also identified multi-element soil geochemical anomalies over other EM targets. In 2011, the Corporation conducted additional work in the region and staked 67 claims on a new nickel-copper project named Atikonak, located 70 km west of the Natashquan project. A regional program is being planned for summer 2012. The Corporation believes this region is largely underexplored and is seeking a partner to advance these new grassroots discoveries.

Table 1: Summary of Exploration Projects, including wholly-owned projects and those under JV/Option Agreements

Property	Partner	Agreement type	Status
Alexis River – uranium (Southern Labrador)	Kirrin Resources Inc[a]	Earn in	No significant work undertaken in 2011.
Julienne Lake – iron ore (Western Labrador)	-	-	Property is adjacent to the historic iron ore resource held by the Province of Newfoundland and Labrador. Gravity and magnetic survey suggest the extension of iron ore onto the Corporation's claims to the northwest and southeast. Planning winter drill program to confirm the extensions of the historic deposit; seeking a partner.
Labrador West – several iron ore projects (Western Labrador)	Rio Tinto[a]	Earn in (51% to 70%)	Drilling in Q2 resulted in new iron ore discovery (279m @29.8% Fe); Rio Tinto expected to undertake a 2012 program as part of second phase earn-in for a 70% interest.
Moosehead – gold Central Newfoundland	Agnico-Eagle Mines Ltd.	Joint venture (51% Agnico-Eagle)	Large scale trenching program being considered.
Newfoundland Ferro Alloys - nickel, chromium (Newfoundland)	Cliffs Natural Resources	Strategic Alliance	2011 data assessment and 2012 program planning underway.
Notakwanon – uranium (Northern Labrador)	-	-	Drill-ready project; seeking partner.
Rocky Brook – uranium (Western Labrador)	JNR Resources Inc[a]	Joint venture (73.4% JNR)	No work undertaken in 2011.
Saglek – Iron (Northern Labrador)	Cliffs Natural Resources	Strategic Alliance	2011 field results being assessed.
Snelgrove Lake - iron ore (Western Labrador)	-	-	Airborne gravity survey completed in Q2 to identify DSO drill targets; 7 DSO targets identified and several mixed/ taconite targets identified; seeking a partner to undertake drill program.
Topsails – copper-molybdenum (Central Newfoundland)	JNR Resources Inc	Alliance	Trenching program completed in 2011; seeking senior partner.
Trough Iron - iron ore projects (Astray, Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation[a]	Earn-in(100%) and 1% to 4% sliding scale GSR	2011 airborne survey and field program completed; $4.3 million program being planned for 2012.

Property	Partner	Agreement type	Status
Wing Pond – gold (Central Newfoundland)	-	-	Work program being planned for 2012; seeking partner.
Wager Bay – gold (Nunavut)	-	-	No further work planned.

[a] *indicates operator*

Table 2: Summary of Exploration and Pre-Development Stage Royalties

Property	Explorer/Developer	Royalty	Status
Kamistiatusset - iron ore (Western Labrador)	Alderon Resources Limited [a]	3% GSR	Current NI 43-101 Resource: 490 million tonnes at 30.0% iron indicated and 598 million tonnes at 30.3% iron inferred; Drilling is ongoing to upgrade resource from the indicated and inferred to the measured and indicated categories in preparation for the Feasibility Study which is expected in mid-2012; NI 43-101 recently filed.
Labrador West - iron ore (Western Labrador)	Rio Tinto *(formerly Kennecott Canada Exploration Inc)* [a]	3% GSR; 1% buyback	Drilling in Q3 resulted in new iron ore discovery (279m @29.8% Fe); Rio Tinto expected to undertake a 2012 program as part of second phase earn-in for a 70% interest.
Revelation (Alaska)	Millrock Resources Ltd. ("Millrock") [a]	2% NSR on gold; 1% NSR on base metals;	mapping and sampling completed in 2011; Millrock is seeking a partner to conduct further work.
Cristo – copper-gold (Alaska)	Millrock [a]	2% NSR on gold; 1% NSR on base metals	Brixton Metals Corp. recently terminated option agreement; Millrock seeking new partner.
Topsails - copper-molybdenum (Central Newfoundland)	JNR Resources Inc	2% GSR uranium; 2% NSR other	Trenching program completed in 2011; seeking senior partner.
Viking – gold (Western Newfoundland)	Northern Abitibi Mining Corp[a]	2-4% sliding scale NSR	4698 metres of drilling in 25 holes completed in 2011; previous NI 43-101 Inferred Resource of 6,284,000 tonnes at 0.61 g/t gold, (123,242 ounces).

Property	Explorer/Developer	Royalty	Status
Central Mineral Belt – uranium (Central Labrador)	Paladin Energy Limited[a]	3% GSR	In December 2011 the Nunatsiavut government voted to lift the moratorium on uranium mining, pending the completion of certain legislation expected in Spring 2012.
Humble - copper-gold-molybdenum (Alaska)	Millrock/ Kinross Gold Corporation[a]	2% NSR on gold; 1% NSR on base metals; (partial)	Kinross to spend US$4 million in exploration by December 31, 2013.
Millrock-Vale Alliance (Alaska) (partly covering Altius AOI)	Millrock[a]	2% NSR on gold; 1% NSR on base metals	Vale to spend a minimum US$1.0 million in the first year, and a further US$1.0 million at Vale's option in the second year.
Saglek – Iron (Northern Labrador)	Cliffs Natural Resources	1% NSR	2011 field program completed; results pending.
Trough Iron - iron ore projects (Astray, Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation[a]	Earn-in(100%) and 1% to 4% sliding scale GSR	2011 airborne survey and field program completed; $4.3 million program being planned for 2012.

[a] *indicates operator*

Results of Operations

Analysis of Results of Operations for the three month period ending January 31, 2012 compared with the three month period ending January 31, 2011

The Corporation recorded net earnings attributable to common shareholders of $2,461,000 for the three months ended January 31, 2012 compared to net earnings of $69,212,000 for the three months ended January 31, 2011. The earnings recorded in the current period were driven by revenue of $5,805,000, primarily from option payments received form earn-in partners and increase royalty revenue. The prior year's net earnings resulted primarily from a gain of $84,675,000 recorded on the sale of the Corporation's Kami property to Alderon.

The Corporation recognized total revenue of $5,805,000 for the three months ended January 31, 2012 compared to $1,103,000 for the same period last year. Royalty revenue from the Labrador Nickel Royalty Limited Partnership ("LNRLP") was $1,192,000 during the quarter ended January 31, 2012 compared to $785,000 for the same period last year. Increased royalty revenue was the result of higher concentrate shipments due to higher copper concentrate shipments in the current period.

Interest income of $614,000 was recognized in the three month period ended January 31, 2012 compared to $287,000 for the three month period ended January 31, 2011. This increase was caused by slightly higher yields on corporate and government guaranteed investments.

Other income of $3,999,000 was recognized in the three month period ended January 31, 2012 compared to $31,000 for the three month period ended January 31, 2011. This increase was caused primarily by the receipt of 2,000,000 shares from Century as part of the royalty/earn in agreement signed during the quarter.

General and administrative expenses for the three month period ended January 31, 2012 were $995,000 compared to $2,672,000 for the prior year. The Corporation incurred decreased salary related expenses of $1,343,000 primarily related to bonus accruals of $1,375,000 recorded in the prior year, lower corporate development and professional fees of $312,000 and decreased administrative related expenses of $22,000.

Generative exploration ("Genex") expenditures were $41,000 for the three month period ended January 31, 2012 compared to a recovery of $77,000 in the same period last year. Mineral properties abandoned or impaired was $91,000 for the three month period ended January 31, 2012 compared to $2,785,000 in the same period last year. The Corporation wrote down its New Brunswick Oil Shale project by $2,774,000 in the prior year. Details on the Corporation's mineral exploration activities are detailed in the ***Exploration Overview*** section of this MD&A.

Stock-based compensation for the three months ended January 31, 2012 was $120,000 compared to $656,000 for the same period last year. The decrease over last year is caused by lower stock options awards in the current year and is partially offset by the implementation of a share appreciation rights plan and the director's DSU plan.

Royalty tax for the three months ended January 31, 2012 was $239,000 compared to $181,000 for the prior year. The higher royalty tax is a direct result of the higher royalty revenue recorded in the year. The mineral rights tax on the Voisey's Bay royalty is 20% of gross royalty revenue.

A gain on disposal of a mineral property of $84,675,000 (2012 - $nil) was recorded for the three months ended January 31, 2011 for the sale of the Corporation's Kami property to Alderon in December 2010.

The prior year earnings also included gains on the sale of mining and mineral related investments of $2,320,000 compared to a gain of $112,000 in the current period. The prior year gain included $1,451,000 on the sale of the Corporation's interest in Rambler Metals and Mining plc ("Rambler"). There were no significant disposals in the current period.

An unrealized loss on warrants of $117,000 was recorded for the three months ended January 31, 2012 compared to a gain of $627,000 for the same period last year. This loss in the current period was caused by the general decline in the equity markets.

The Corporation recorded a dilution gain of $518,000 for the three month period ended January 31, 2012 compared to a dilution loss of $1,807,000 for the same period in the previous year. The current year's dilution gain was the result of two equity financings completed by Alderon during the quarter. Details of these transactions are included in the ***Investments Overview*** section of this MD&A. The prior year's dilution loss was the result of a private placement completed by Alderon whereby Alderon issued 9.125 million units at $2.20 per unit.

The share of loss in associates was $1,627,000 for the three months ended January 31, 2012 compared to $303,000 for the prior year. The Corporation holds an approximate 33% equity interest in Alderon and recorded $1,468,000 for its proportionate share of Alderon's net loss for the three months ended January 31, 2012 (2011 - $278,000). The Corporation's proportionate share of Rambler's loss of $44,000 was recorded in the prior year (The Corporation sold its interest in Rambler in January 2011).

The Corporation's income tax expense of $524,000 for the three months ended January 31, 2012 declined from $10,704,000 for the same period last year. The lower tax expense in the current period reflects the lower net earnings. The effective tax rate of approximately 16% is lower than the expected tax rate of 30% because some items are that are capital in nature are effectively taxed at one-half of the general corporate tax rate.

Analysis of Results of Operations for the nine month period ending January 31, 2012 compared with the nine month period ending January 31, 2011

The Corporation recorded a net loss attributable to common shareholders of $1,995,000 for the nine months ended January 31, 2012 compared to net earnings of $71,267,000 for the nine months ended January 31, 2011. The prior year earnings included a pre-tax gain of $84,675,000 recorded on the sale of the Corporation's Kami property to Alderon in December 2010.

The Corporation recognized total revenue of $9,596,000 for the nine months ended January 31, 2012 compared to $3,843,000 for the same period last year. Royalty revenue from the LNRLP was $3,004,000 during the nine months ended January 31, 2012 compared to $1,863,000 for the same period last year. Increased royalty revenue was the result of higher concentrate shipments due to the resolution of the strike at the mine site and at the smelting facilities in Canada.

Interest income of $2,449,000 was recognized in the nine month period ended January 31, 2012 compared to $1,905,000 for the nine month period ended January 31, 2011. The increase was caused by a higher cash balance and slightly higher yields on government guaranteed and investment grade instruments.

Other income of $4,143,000 was recognized in the nine month period ended January 31, 2012 compared to $75,000 for the nine month period ended January 31, 2011. This increase was caused primarily by the receipt of 2,000,000 shares from Century as part of the royalty/earn in agreement signed during the current period.

General and administrative expenses for the nine month period ended January 31, 2012 were $2,809,000 compared to $4,186,000 for the prior year. The prior year expenses included a bonus accrual of $1,375,000 as a result of the sale of the Kami property to Alderon in December 2010. The Corporation also incurred lower professional and consulting fees because of less corporate development activities compared to the prior year period. This decrease is partially offset by an increase in travel and accommodations as a result of staff training and visits to China. The Corporation's office and administrative related expenses also increased by $49,000 primarily as a result of increased registration fees for professional development and conference attendance.

Genex was $432,000 for the nine month period ended January 31, 2012 compared to $765,000 in the same period last year. A portion of the Genex costs in the current period are being reimbursed by Cliffs Natural Resources. Mineral properties abandoned or impaired was $1,201,000 for the nine month period ended January 31, 2012 compared to $2,883,000 in the same period last year. The Corporation consolidated some of its mineral claims in Nunavut and the Topsails project due to exploration results during the current period. The prior year expense is primarily the write-down of the New Brunswick Oil Shale project of $2,774,000.

Stock-based compensation for the nine months ended January 31, 2012 was $459,000 compared to $933,000 for the same period last year. The decrease over last year is caused by lower stock options awards in the current year and is partially offset by the implementation of a share appreciation rights plan and the director's DSU plan. Additional information on the share appreciation rights plan and director's DSU plan is included in the notes to interim financial statements.

Amortization for the nine months ended January 31, 2012 was $803,000 which was higher than the $591,000 for the same period last year. The increase in amortization over the prior year reflects the higher concentrate shipments due to the resolution of the strike at the Voisey's Bay mine site and at the smelting facilities in Canada. The Corporation amortizes its royalty interest over the life of the mine on a units of production basis.

Royalty tax for the nine months ended January 31, 2012 was $601,000 compared to $396,000 for the prior year. The royalty tax is based on 20% of the gross royalty revenue as previously mentioned.

The Corporation recorded a loss on the sale of investments of $243,000 for the nine months ended January 31, 2012 compared to a gain of $3,714,000 recorded for the same period in the prior year. There were no significant disposals in the current year. The prior year results included a gain on the disposal of the Corporation's interest in Rambler as well as the sale of and a sale of a portion of its interest in Millrock Resources Inc.

An unrealized loss on the fair value adjustment of warrants of $1,394,000 was recorded for the nine months ended January 31, 2012 compared to a gain of $2,245,000 for the same period last year. This revaluation adjustment reflects the general decline in the equity markets in comparison to the prior year, as previously noted.

The share of loss in associates was $4,824,000 for the nine months ended January 31, 2012 compared to $438,000 for the prior year. The change from the prior year is caused by the Corporation's portion of Alderon's net earnings. The Corporation received its interest in Alderon in December 2010.

The Corporation recorded an income tax recovery of $439,000 for the nine months ended January 31, 2012 compared to an income tax expense of $10,992,000 for the same period last year. The effective tax rate is lower than the statutory rate for the reasons previously mentioned.

Cash Flows, Liquidity and Capital Resources

Operating Activities
The Corporation used cash from operating activities of $3,861,000 for the nine months ended January 31, 2012 compared to a cash inflow of $2,560,000 for the same period last year. The change from the prior year was primarily due to the payment of $5,336,000 in income taxes for the nine months ended January 31, 2012 compared to receipt of a refund of the previous year's tax installments $3,067,000 for the nine months ended January 31, 2011.

Financing Activities
The Corporation used cash from financing activities of $1,479,000 for the nine months ended January 31, 2012 compared to a use of $1,280,000 for the nine months ended January 31, 2011. The Corporation repurchased 210,933 common shares under its normal course issuer bid during the current year at a total cost of $2,299,000 (2011 - $nil). In addition, the Corporation's subsidiary paid $223,000 (2011 - $nil) in dividends to a non-controlling interest during the period. The dividend is payable on class A shares held by the non-controlling interest at a rate of 1% per annum of 2260761's calculated net asset value. Offsetting this decrease, the Corporation received $1,043,000 in proceeds from the exercise of employee stock options for the nine months ended January 31, 2012 compared to proceeds of $1,207,000 for the same period last year.

Investing Activities
The Corporation used cash from investing activities of $9,735,000 for the nine months ended January 31, 2012 compared to an outflow of cash of $5,201,000 for the same period last year. The Corporation received cash proceeds from the sale of investments and equity investments of $3,720,000 for the nine months ended January 31, 2012 (2011 - $10,625,000).

A portion of the investment activities in the current nine month period included the reallocation from marketable securities to cash totaling $413,000 compared to a reallocation from cash to marketable securities of $5,490,000 in the prior year. The Corporation classifies investments as marketable securities if the maturity date at the time of purchase is greater than 3 months. All investments are comprised of highly liquid government guaranteed and investment grade commercial paper and are denominated in Canadian dollars.

The Corporation also used cash of $12,241,000 for the acquisition of investments and warrants for the nine month period ended January 31, 2012 compared to $7,954,000 for the same period in the prior year.

In addition, the Corporation incurred $1,051,000 (2011 - $1,551,000) in net mineral exploration expenditures for the nine months ended January 31, 2012. The Corporation also incurred $432,000 (2011 - $765,000) in generative exploration expenditures for the nine months ended January 31, 2012. Mineral exploration activities are described in greater detail in the ***Mineral Exploration Projects Overview*** section of this MD&A.

Liquidity
At January 31, 2012, the Corporation had current assets of $176,532,000 and current liabilities of $1,788,000 for net working capital of $174,744,000, which is sufficient to meet its current requirements for operating and investing activities. The Corporation holds its cash in short-term and medium-term interest bearing Canadian government guaranteed and investment grade corporate instruments and does not anticipate any liquidity issues.

The Corporation's major sources of funding are from sales of direct and indirect exploration investments, royalty payments and interest income. In addition, the Corporation partially funds exploration expenditures via third party agreements such as earn-in agreements or joint venture arrangements whereby exploration expenditures are cost-shared or funded by third parties in exchange for a partial ownership interest in the mineral rights to the properties. Given that the current cash level is significantly more than that required for the continuing mineral exploration operations of the Corporation, management will continue to evaluate investment opportunities in the resource based sector.

Commitments and Contractual Obligations
The Corporation has obtained mineral exploration 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 properties in good standing and for refund of security deposits. If the required assessment expenditures are not met on or before the anniversary date of license issuance, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or electing to allow title of

the license to be cancelled. The Corporation is required to spend $994,000 by January 31, 2013 in order to maintain all licenses in good standing, of which exploration partners have agreed to spend approximately $943,000. Exploration expenditures of $937,000 over the next twelve months are required on certain properties to receive a refund of the total of security deposits in the amount of $262,000.

Contingent Liability

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

The Corporation believes this claim is without merit and intends to defend the claim vigorously. 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.

Related Party Transactions

Chairman of the Board and Director John Baker is a Partner of the legal firm Ottenheimer and Baker. This firm provided legal services to the Corporation in the amount of $40,000 for the nine months ended January 31, 2012 (2011 – $28,000).

During the nine months ended January 31, 2012, the Corporation's subsidiary paid dividends of $223,000 (2011 - $nil) to a non-controlling interest.

Total salaries and benefits paid to key employees and directors during the nine months ended January 31, 2012 was $793,000 (2011 - $757,000).

These related party 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. It is management's estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

Summary of Quarterly Financial Information

The table below outlines selected financial information related to the Corporation's revenue, net earnings (loss) and net earnings (loss) per share for the most recent eight quarters. The financial information is extracted from the Corporation's interim and audited financial statements and has been adjusted to reflect the Corporation's conversion to International Financial Reporting Standards ("IFRS").

$	January 31, 2012	October 31, 2011	July 31, 2011	April 30, 2011
Revenue	5,805	1,635	2,156	1,758
Net earnings (loss) attributable to common shareholders	2,461	(2,868)	(1,588)	(953)
Net earnings (loss) per share				
- basic	0.08	(0.10)	(0.06)	(0.03)
- diluted	0.08	(0.10)	(0.06)	(0.03)

$	January 31, 2011	October 31, 2010	July 31, 2010	April 30, 2010
Revenue	1,103	1,453	1,287	56
Net earnings (loss) attributable to common shareholders	69,212	2,138	(83)	22,256
Net earnings (loss) per share				
- basic	2.41	0.07	-	0.78
- diluted	2.38	0.07	-	0.77

The Corporation does not experience significant seasonality in operations. Revenue is derived primarily from investment income and from the producing Voisey's Bay Royalty, which is contingent upon commodity prices, mine production levels, and the timing of concentrate shipments. The increase in revenue over the previous several quarters was caused primarily by resolution of the labour dispute at the Voisey's Bay nickel-copper-cobalt mine. Interest revenue has also increased because of slightly higher yields on corporate and government guaranteed investments and from growth in the Corporation's investment base. The quarter ended January 31, 2012 includes other revenue of $3,941,000 from option payments received form an earn-in partner.

Net earnings are affected somewhat by revenue net of operating expenses, but are affected primarily by the realization of gains or losses on the Corporation's investments and mineral exploration alliances. A pre-tax gain of $84,675,000 was recognized in the quarter ended January 31, 2011 as a result of the vending of the Kami iron ore property to Alderon. A pre-tax gain of $28,431,000 was recognized during the quarter ended April 30, 2010 as a result of the sale of the Corporation's interest in International Royalty Corporation.

Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The certifying officers have evaluated the effectiveness of the Corporation's internal control over financial reporting as of January 31, 2012 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The condensed consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the nine months ended January 31, 2012.

There has been no change in the Corporation's internal control over financial reporting during the Corporation's period ended January 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of January 31, 2012 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

New and Future Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

The Corporation adopted IFRS effective May 1, 2011 and has prepared the current interim financial statements using IFRS Accounting Policies. Prior to the adoption of IFRS, the financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles ("Previous GAAP"). The Corporation's financial statements for the year ending April 30, 2012 will be the first annual financial statements that comply with IFRS.

IFRS are premised on a conceptual framework similar to Previous GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption had a small impact on the consolidated balance sheets and statements of comprehensive income.

Under Previous GAAP, share - based payments were expensed on a straight line basis over the period of vesting. Under IFRS, expenses relating to stock options must be recognized on an accelerated basis over the vesting period for each tranche of shares, resulting in acceleration in the timing of stock-based compensation expense (graded vesting). The Corporation has adjusted share based compensation expense in the comparative periods and has adjusted opening retained earnings on the IFRS opening balance sheet to reflect this revised timing of stock option expense.

Under Previous GAAP, the value of SARs to expense in a given period was calculated using the intrinsic value method. The intrinsic value is the amount by which the share price exceeds the reference price of a given instrument multiplied by the number of units outstanding. Under IFRS, the SARs expense to recognize is determined using an option pricing model at each period-end.

The Corporation has selected the Black-Scholes method for valuing the SARs under IFRS at each respective period. The Corporation has adjusted share based compensation expense in the comparative periods to reflect this valuation method. There was no impact on the opening IFRS balance sheet because the SARs awards occurred after the opening balance sheet date.

The Corporation has adjusted deferred income tax expense to reflect the changes noted in the items above. In addition, under IFRS, deferred taxes must be classified as long term. The Corporation has reclassified the short-term portion of deferred taxes to long term to reflect the IFRS requirement.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS 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, deferred income taxes, assessments of the recoverability of deferred exploration expenditures, the carrying value and assessment of other than temporary impairment of investments, the recoverability of accounts receivable and loans, the determination of the provision for decommissioning and site restoration costs, the assumptions used in the determination of the fair value of share based compensation and SARs, and the assumptions used in the determination of the fair value of derivatives for which there is no publicly traded market.

Risk Factors and Key Success Factors

An investment in securities of the Corporation involves a significant degree of risk that should be considered prior to making an investment decision. In addition to discussions of key success factors and business issues elsewhere in this MD&A, the investor should consider the following risk factors:

Operational and Development Risk
The Corporation operates in the mineral exploration sector, which implicitly involves a high degree of risk caused by limited chances of discovery of an economic deposit and eventual mine development. The Corporation mitigates this risk by cost-sharing with exploration partners and by continuously evaluating the economic potential of each mineral property at every stage of its life cycle.

Development Stage Projects
Profits from commercial operations will depend on a significant number of factors, including economic feasibility, changing market conditions, environmental and governmental regulations, labour availability, the cost of and the ability to attract external financial capital, and the ability to attract partners with sufficient technical expertise and relevant industry experience to further develop the various projects. Any failure to meet one or a combination of these factors may result in project delays or potential cancellation and the Corporation’s future operating results may be adversely affected.

Issues Affecting Royalty Revenue
The level of cash flows from the Voisey's Bay royalty are subject to various economic factors, including the underlying commodity prices and smelting and other operating costs, which are deducted from the net smelter return. Royalty payments are highly dependent on the operating and commercial success of the underlying operating company. Various factors, such as commodity price, operating costs, financing costs, labour availability, labour stability, environmental and stakeholder relations or any combination thereof could make an underlying operation unprofitable. Although short-term losses are not expected to affect the decision to keep an operation open, prolonged operating losses could induce the miner operator to close its operations, thereby eliminating such royalty revenue.

Exposure to Mineral Price Fluctuations
Changes in the market price of nickel and to a lesser extent copper and cobalt significantly impact the Corporation's revenue from the Voisey's Bay Royalty. The Corporation's financial results are sensitive to external economic criteria related to the price of nickel. A substantial risk of lower royalty payments arises when there is a prolonged period of lower nickel prices. Many factors beyond the Corporation's control influence the market price of nickel, including global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other nickel-producing countries.

The Ability to Attract Partners for Exploration
The probability of successfully progressing early stage projects is dependent on an ability to attract exploration partners to share project expenditures and to provide additional technical expertise required to develop projects. If the Corporation is unable to attract partners to cost-share project expenditures and to provide additional technical expertise, the level of exploration the Corporation could perform with limited personnel may be adversely impacted. This could affect the likelihood of discovering future commercially feasible projects.

Debt and Equity Financing
Because of their size and scale, the success of some resource-based projects depends on the ability of the Corporation, its partners or its investments to raise the financial capital required to successfully construct and operate a project. This ability may be affected by general economic and market conditions, including the perceived threat or actual occurrence of an economic recession or liquidity issues. If market conditions are not favourable, major resource based projects could be cancelled or the expected rate of return to the Corporation may be significantly diminished.

Government Regulations
The Corporation's operations are subject to extensive governmental regulations with respect to such matters as environmental protection, health, safety and labour; mining law reform; restrictions on production or export, price controls and tax increases; aboriginal land claims; and expropriation of property in the jurisdictions in which it operates. Compliance with these and other laws and regulations may require the Corporation to make significant capital outlays which may slow its growth by diverting its financial resources. The enactment of new adverse regulations or regulatory requirements or more stringent enforcement of current regulations or

regulatory requirements may increase costs, which could have an adverse effect on the Corporation. The Corporation cannot give assurances that it will be able to adapt to these regulatory developments on a timely or cost effective basis. Violations of these regulations and regulatory requirements could lead to substantial fines, penalties or other sanctions.

Key Employee Attraction and Retention
The Corporation's continued success is highly dependent on the retention of key personnel who possess business and technical expertise and are well versed in the various projects underway and under consideration. The number of persons skilled in the acquisition, exploration and development of natural resource and mining projects is limited and competition for such persons is intense. As the Corporation's business activity grows, additional key financial, administrative and operations personnel as well as additional staff may be required. Although the Corporation believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Corporation is not successful in attracting, training and retaining qualified personnel, the efficiency of operations may be affected. Additionally, should any key person decide to leave, then the success of one or more of the projects under consideration could be at risk.

Exploration Alliances
The Corporation's objective is to create joint ventures 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. In certain circumstances the Corporation must rely on the decisions and expertise regarding operational matters for properties, equity interests and other assets including: whether, when and how to commence permitting; feasibility analysis; facility design and operation, processing, plant and equipment matters; and the temporary or permanent suspension of operations. In some of these instances, it may difficult or impossible for the Corporation to ensure that the properties and assets are operated in its best interest.

Financial Instrument Risk

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

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted below.

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

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

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

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

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

The Corporation may be unable to sell its entire interest in an investment without having an adverse effect on the fair value of the security due to low trading volumes on some investments. The Corporation does not enter into any derivative contracts to reduce this exposure.

Interest rate risk
The Corporation does not have any debt and is therefore not exposed to interest rate risk on liabilities. The Corporation’s cash and 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.

Outstanding Share Data

At March 8, 2012, the Corporation had 28,759,675 common shares outstanding and 728,500 stock options outstanding.

The following schedule outlines the major categories of mineral properties, deferred exploration costs, and security deposits at January 31, 2012:

(Amounts in thousands of dollars)

Location	Primary Metal	Acquisitions	Wages	Geology / Geophysics	Drilling	Travel & Other	Recovered Property Costs	Write Down	Security Deposits	Grand Total
Labrador										
	Iron Ore	83	160	919	-	331	(725)	-	-	768
	Nickel	19	123	264	-	345	(366)	-	-	385
	Uranium	15	171	413	-	447	(880)	-	-	166
		117	454	1,596	-	1,123	(1,971)	-	-	1,319
Island of Newfoundland										
	Awaruite	43	169	71	-	335	(618)	-	-	-
	Base metals	11	204	99	106	86	(506)	-	-	-
	Gold	57	148	45	-	97	(183)	(7)	-	157
	Nickel	28	44	247	-	21	(123)	(1)	-	216
	Uranium	50	1,017	894	832	911	(2,869)	-	-	835
		189	1,582	1,356	938	1,450	(4,299)	(8)	-	1,208
Security Deposits		-	-	-	-	-	-	-	262	262
Grand Total		306	2,036	2,952	938	2,573	(6,270)	(8)	262	2,789