ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Financial Statements
For the three months ended
July 31, 2013 and 2012
(Unaudited)

ALTIUS MINERALS CORPORATION

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Condensed Consolidated Interim Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at

	Note #	**July 31, 2013 $**	April 30, 2013 $ Restated (Note 17)
ASSETS			
Current assets			
Cash and cash equivalents	13	**63,274**	67,806
Marketable securities		**72,039**	77,926
Accounts receivable and prepaid expenses		**376**	499
Income taxes receivable		**777**	1,004
		136,466	147,235
Non-current assets			
Exploration and evaluation assets	5	**3,072**	2,826
Property and equipment		**180**	192
Interests in joint ventures	6	**8,423**	8,892
Investments in associates	7	**72,697**	73,223
Mining and other investments	8	**45,944**	37,621
Deferred income taxes	9	**2,707**	2,851
		133,023	125,605
TOTAL ASSETS		**269,489**	272,840
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**2,084**	1,945
		2,084	1,945
Non-current liabilities			
Other liabilities	12	**1,350**	1,404
Deferred income taxes	9	**8,247**	8,988
		11,681	12,337
EQUITY			
Shareholders' equity		**255,104**	257,734
Non-controlling interest		**2,704**	2,769
		257,808	260,503
TOTAL LIABILITIES AND EQUITY		**269,489**	272,840

see accompanying notes to the unaudited condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Loss

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

	Note #	Three months ended July 31, 2013	2012
		$	$
			Restated (Note 17)
Revenue			
Interest and investment		**245**	720
Other		**11**	43
		256	763
Expenses			
General and administrative	10	**1,378**	1,000
Generative exploration		**239**	167
Exploration and evaluation assets abandoned or impaired	5	**18**	1
Amortization		**14**	19
Share-based compensation	12	**(43)**	(131)
		1,606	1,056
Loss before the following		**(1,350)**	(293)
Loss on disposal of investments	8	**(626)**	(1,062)
Unrealized gain on fair value adjustment of derivatives	8	**772**	129
Dilution gain on issuance of shares by associate	7	**119**	-
Earnings from joint venture	6	**246**	201
Share of loss in associates	7	**(645)**	(2,417)
Loss before income taxes		**(1,484)**	(3,442)
Income tax (recovery) expense			
Current		**562**	796
Deferred		**(735)**	(1,169)
		(173)	(373)
Net loss		**(1,311)**	(3,069)
Net loss attributable to:			
Common shareholders		**(1,292)**	(2,857)
Non-controlling interest		**(19)**	(212)
		(1,311)	(3,069)
Net loss per share			
- basic and diluted	11	**(0.05)**	(0.10)

see accompanying notes to the unaudited condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - In thousands of Canadian dollars)

	Three months ended July 31,	
	2013	2012
	$	$
Net loss	**(1,311)**	(3,069)
Other comprehensive loss, net of tax		
Net unrealized gain (loss) on available-for-sale investments (net of deferred income taxes of $208 (2012 - recovery of $(495))	**1,306**	(3,071)
Adjustment for realized (gain) loss on available-for-sale investments recognized in net loss (net of deferred income taxes of $70 (2012 - recovery of $(96))	**(406)**	631
Total comprehensive loss	**(411)**	(5,509)
Total comprehensive (loss) earnings attributable to:		
Common shareholders	**(416)**	(5,301)
Non-controlling interest	**5**	(208)
	(411)	(5,509)

see accompanying notes to the unaudited condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

	Note #	For the three months ended July 31, 2013 $	2012 $ Restated (Note 17)
Operating activities			
Net loss		**(1,311)**	(3,069)
Adjustments for:			
Generative exploration		**239**	167
Exploration and evaluation assets abandoned or impaired		**18**	1
Share-based compensation		**(43)**	(131)
Amortization		**14**	19
Loss on disposal of investments		**626**	1,062
Unrealized gain on fair value adjustment of derivatives		**(772)**	(129)
Earnings from joint venture		**(246)**	(201)
Share of loss in associates		**645**	2,417
Dilution gain on issuance of shares by associates		**(119)**	-
Income tax recovery		**(173)**	(373)
Income taxes received (paid)		**(335)**	4,011
		(1,457)	3,774
Changes in non-cash operating working capital	13	**261**	(31)
		(1,196)	3,743
Financing activities			
Payments to non-controlling interests		**(70)**	(65)
Repurchase of common shares		**(2,225)**	(1,943)
		(2,295)	(2,008)
Investing activities			
Proceeds from sale of investments	8	**247**	1,080
Distributions received from joint venture	6	**715**	904
Generative exploration		**(239)**	(167)
Exploration and evaluation assets, net of recoveries	5	**(264)**	238
Decrease (increase) in marketable securities		**5,887**	(9,887)
Acquisition of investments	7 & 8	**(7,386)**	(4,013)
Acquisition of property and equipment		**(1)**	(16)
		(1,041)	(11,861)
Net decrease in cash and cash equivalents		**(4,532)**	(10,126)
Cash and cash equivalents, beginning of period		**67,806**	50,374
Cash and cash equivalents, end of period		**63,274**	40,248

Supplemental cash flow information (Note 13)

see accompanying notes to the unaudited condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - In thousands of Canadian dollars, except share amounts)

	Common Shares #	Common Shares $	Share-based Payment Reserve $	Accumulated Other Comprehensive (Loss) Earnings $	Retained Earnings $	Total Shareholders' Equity $	Non-controlling interest $	Total Equity $
Balance, April 30, 2012	28,759,675	76,881	3,676	(912)	200,559	280,204	1,991	282,195
Net loss and comprehensive loss,								
May 1, 2012 to July 31, 2012	-	-	-	(2,444)	(2,857)	(5,301)	(208)	(5,509)
Payments to non-controllling interest	-	-	-	-		-	(65)	(65)
Shares repurchased and cancelled	(178,100)	(475)	-	-	(1,468)	(1,943)	-	(1,943)
Share-based compensation	-	-	35	-	-	35	-	35
Shares issued under stock option plan	753	3	(3)	-	-	-	-	-
Balance, July 31, 2012	28,582,328	76,409	3,708	(3,356)	196,234	272,995	1,718	274,713
Net loss and comprehensive loss,								
August 1, 2012 to to April 30, 2013	-	-	-	1,566	(10,482)	(8,916)	638	(8,278)
Payments to non-controlling interest	-	-	-	-	-	-	413	413
Shares repurchased and cancelled	(599,328)	(1,603)	-	-	(4,820)	(6,423)	-	(6,423)
Share-based compensation	-	-	56	-	-	56	-	56
Shares issued under stock option plan	19,804	100	(78)	-	-	22	-	22
Balance, April 30, 2013	28,002,804	74,906	3,686	(1,790)	180,932	257,734	2,769	260,503
Net earnings (loss) and comprehensive earnings,								
May 1, 2013 to July 31, 2013	-	-	-	876	(1,292)	(416)	5	(411)
Payments to non-controlling interest	-	-	-	-	-	-	(70)	(70)
Shares repurchased and cancelled	(219,800)	(588)	-	-	(1,637)	(2,225)		(2,225)
Share-based compensation	-	-	11	-	-	11	-	11
Balance, July 31, 2013	27,783,004	74,318	3,697	(914)	178,003	255,104	2,704	257,808

see accompanying notes to the unaudited condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation's ("Altius" or the "Corporation") principal business activities include the generation and acquisition of exploration and evaluation assets, 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.

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

These unaudited condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on September 10, 2013.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as our most recent annual consolidated financial statements, except as noted in Note 4. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

3. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These unaudited condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Corporation's accounting policies, basis of consolidation and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended April 30, 2013.

Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions and other factors, including expectations of events that are believed to be reasonable under the circumstances.

4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has adopted these standards as of May 1, 2013 and has determined that, except as noted below on IFRS 11, they have no material impact on the Corporation's financial results.

Disclosures, Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7): On December 16, 2011 the IASB published new disclosure requirements jointly with the Financial Accounting Standards Board "(FASB") that enables users of financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

IFRS 10, Consolidated Financial Statements: IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27*, Consolidated and Separate Financial Statements,* and *SIC-12, Consolidation – Special Purpose Entities*.

IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers.* The Corporation reviewed and assessed the legal form and terms of the contractual arrangements in joint arrangements. The application of IFRS 11 has changed the method for accounting of the Corporation's investment in Labrador Nickel Royalty Limited Partnership from the proportionate consolidation method to the equity method. The change in accounting method has affected the amounts and classifications presented in the Corporation's financial statements (see Note 17 and Note 6).

IFRS 12, Disclosure of Interests in Other Entities: IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

IFRS 13, Fair Value Measurements: IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately.

IAS 28, Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures.

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

4. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The following standards are effective for annual periods beginning on or after January 1, 2014 or later, with earlier adoption permitted.

IAS 32 – Financial Instruments Presentation: the IASB published amendments to IAS 32, on December 16, 2011, to clarify the application of the offsetting requirements.

IFRS 9, Financial Instruments: In July 2011, the IASB agreed to defer the effective date of IFRS 9 from 2013 to 2015. The standard is the first part of a multi-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

The Corporation has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

5. EXPLORATION AND EVALUATION ASSETS

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation sells some or a portion of its exploration and evaluation assets to third parties in exchange for exploration expenditures, royalty interests, cash and share based payments.

Project	Note	As at April 30, 2013	Additions, net of recoveries	Abandoned or impaired	As at July 31, 2013
		$	$	$	$
Labrador					
Natashquan River - Nickel	a	521	(8)	-	**513**
Notakwanon River - Uranium		234	-	-	**234**
Julienne Lake - Iron Ore		1,158	232	-	**1,390**
Other - Uranium/Nickel		-	9	-	**9**
Newfoundland					
Topsails - Uranium/Copper		336	2	-	**338**
Rocky Brook - Uranium		94	3	-	**97**
Moosehead - Gold		21	-	-	**21**
Taylor Brook - Nickel		263	4	-	**267**
Other		18	14	(4)	**28**
Quebec					
Fosse Gold	b	-	20	-	**20**
Grand Portage - Nickel/Copper		114	12	-	**126**
Security Deposits		67	(24)	(14)	**29**
Grand Total		**2,826**	**264**	**(18)**	**3,072**

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

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Alliance/earn in agreements that were in existence at April 30, 2013 are described in greater detail in the consolidated annual financial statements for the year ended April 30, 2013. Newly formed agreements since April 30, 2013 are described below.

a – Natashquan River
On July 25, 2013 the Corporation announced an earn in and royalty agreement with Anglo American to explore the Natashquan nickel/copper PGe property. Under the terms of the agreement, Anglo American may earn 66% of the property by investing $20,000,000 in exploration expenditures over a five year period. Altius will also retain a 1% net smelter return royalty on the property upon formation of the joint venture.

b – Fosse Gold
On July 9, 2013 the Corporation formed an exploration alliance with Virginia Mines Limited, a Quebec based mineral exploration company, to explore for base and precious metals in the Labrador Trough. Both companies will cost-share in early stage exploration expenditures over a multi-year exploration program to evaluate this region.

Project	**As at April 30, 2012**	**Additions, net of recoveries**	**Abandoned or impaired**	**As at April 30, 2013**
	$	**$**	**$**	**$**
Labrador				
Natashquan River - Nickel	368	153	-	521
Notakwanon River - Uranium	166	68	-	234
Julienne Lake - Iron Ore	600	558	-	1,158
Snelgrove Lake - Iron Ore	640	(640)	-	-
Alexis River & Other - Uranium/Nickel	16	14	(30)	-
Newfoundland				
Topsails - Uranium/Copper	734	11	(409)	336
Rocky Brook - Uranium	92	2	-	94
Moosehead - Gold	15	6	-	21
Taylor Brook - Nickel	217	46	-	263
Wing Pond - Gold	108	1	(109)	-
Other	-	19	(1)	18
Quebec				
Grand Portage - Nickel/Copper	-	114	-	114
Security Deposits	282	(199)	(16)	67
Grand Total	3,238	153	(565)	2,826

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

6. INTERESTS IN JOINT VENTURES

	LNRLP	Mining Equity	Total
	$	$	$
Balance April 30, 2012	10,238	-	10,238
Additions	-	499	499
Earnings (loss)	1,342	(499)	843
Receipt of distributions	(2,688)	-	(2,688)
Balance April 30, 2013	8,892	-	8,892
Earnings	246	-	246
Receipt of distributions	(715)	-	(715)
Balance July 31, 2013	8,423	-	**8,423**

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership (“LNRLP”) a limited partnership that holds a 3% net smelter return royalty in the Voisey’s Bay nickel-copper-cobalt mine located in Northeastern Labrador, Canada. LNRLP’s sole business is the receipt and distribution of the smelter return royalty on the mine. Distributions to the partners are normally completed on a quarterly basis. Effective May 1, 2013, the Corporation adopted IFRS 11 and management determined that the partnership is a joint venture. Consequently the partnership interest is accounted for using the equity method under the new guidance, as opposed to the proportionate consolidation treatment in prior periods (see Note 17 for restatement of prior periods).

On November 12, 2012 the Corporation co-founded Fondo de Inversion Privado Mining Equity (“Mining Equity”), a private Chilean entity formed to perform regional early stage exploration and prospect generation in Chile. The initial investment was $499,000 for a 49% ownership interest, and the Corporation may invest an additional $2,900,000 over a four year period to maintain its 49% ownership interest.

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

7. INVESTMENTS IN ASSOCIATES

	Alderon	Sparkfly	Synodon	Total
	$	$	$	$
Balance April 30, 2012	77,530	2,376	-	79,906
Reclassification from mining and other investments	-	-	1,800	1,800
Additions, net of disposals	-	1,036	-	1,036
Share of loss in associates	(10,401)	(579)	(256)	(11,236)
Dilution gain (loss) on issuance of shares by associate	1,738	-	(21)	1,717
Balance April 30, 2013	68,867	2,833	1,523	73,223
Share of loss in associates	(406)	(152)	(87)	(645)
Dilution gain on issuance of shares by associate	-	119	-	119
Balance July 31, 2013	**68,461**	**2,800**	**1,436**	**72,697**

	Alderon	Sparkfly	Synodon
Fair market value:			
At April 30, 2013:	33,855	n/a	2,693
At July 31, 2013:	**37,799**	**n/a**	**2,491**
Percentage ownership:			
At April 30, 2013:	25.3%	24.8%	19.6%
At July 31, 2013:	**25.3%**	**24.3%**	**19.6%**

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

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Corporation's share of loss in associates was derived from the most recent set of available financial statements of the investments. Financial highlights of the Corporation's investments in associates include the following:

As at:	June 30, 2013		April 30, 2013
	Alderon	Sparkfly	Synodon
	$	$	$
Total assets	267,368	3,559	758
Total liabilities	(13,977)	(1,036)	(390)

	Six months ended		
	June 30, 2013		April 30, 2013
Total revenue	-	217	110
Comprehensive loss	(8,735)	(1,227)	(944)

On December 8, 2010, Alderon earned a 100% interest in the Kami iron ore property by meeting all the requirements of the option agreement and delivered to the Corporation shares of Alderon at the time of closing. The Corporation currently holds 32,869,006 shares in Alderon or 25.3% of the total shares outstanding. The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on the Kami property.

A subsidiary of the Corporation, 2260761 Ontario Incorporated ("2260761"), holds a 24.3% (April 30, 2013 - 24.8%) interest in Sparkfly Inc. ("Sparkfly"), a private Georgia corporation that operates an innovative promotions and rewards platform integrated with retail point of sale systems.

2260761 also holds a 19.6% interest in Synodon Inc. ("Synodon"). Synodon is a technology company which has developed an advanced airborne remote gas sensing system called *realSens*, based on technologies developed under the Canadian Space Program and by Synodon scientists.

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

8. MINING AND OTHER INVESTMENTS

	Investments	Share Purchase Warrants	Total
	$	$	$
Balance, April 30, 2012	31,805	274	32,079
Additions	19,159	328	19,487
Reclassification to available - for - sale investments	32	(32)	-
Reclassification to investments in associates	(1,637)	(163)	(1,800)
Disposals	(8,659)	(358)	(9,017)
Revaluation	(4,400)	1,272	(3,128)
Balance, April 30, 2013	36,300	1,321	37,621
Additions	7,386	-	7,386
Disposals	(873)	-	(873)
Revaluation	1,038	772	1,810
Balance, July 31, 2013	**43,851**	**2,093**	**45,944**

The Corporation holds investments in other publicly listed and privately owned entities participating predominantly in early stage exploration, resource related and technology companies with a goal of long-term capital appreciation, 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 of the publicly traded entity is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange. The Corporation holds investments in private companies that may become publicly traded in the future pending a public listing. Because there is no readily available market value, the Corporation carries these investments at their original cost until more information becomes available. As at July 31, 2013, the Corporation had investments in privately held companies, most of which are in the early stage of exploration, with a carrying value of $1,911,000 (April 30, 2013 – $1,623,000).

The share purchase warrants are considered derivative financial instruments for accounting purposes, and any change in fair value is included in net loss for the period. 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.

The Corporation sold investments at a carrying value of $873,000 for gross proceeds of $247,000 and recognized a loss on disposal of $626,000 during the three months ended July 31, 2013. The Corporation sold investments at a carrying value of $2,142,000 for gross proceeds of $1,080,000 and recognized a loss on disposal of $1,062,000 during the three months ended July 31, 2012.

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

9. INCOME TAXES

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

	July 31, 2013	April 30, 2013
	$	$
Temporary differences related to exploration and evaluation assets	**37**	142
Tax values of property and equipment and interests in joint ventures in excess of carrying values	**761**	719
Non capital and net capital loss carryforwards	**1,867**	1,505
Carrying value of investments in excess of tax values	**(8,973)**	(8,746)
Deferred partnership income	**-**	(541)
Deferred and deductible share-based compensation	**790**	806
Other	**(22)**	(22)
	(5,540)	(6,137)

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

10. GENERAL AND ADMINISTRATIVE

	Three months ended July 31,	
	2013	2012
	$	$
Salaries and benefits	**634**	455
Professional and consulting fees	**481**	172
Office and administrative	**221**	298
Travel and accommodations	**42**	75
	1,378	1,000

11. NET LOSS PER SHARE

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

	Three months ended July 31,	
	2013	2012
Weighted average number of shares:		
Basic and diluted	**27,921,430**	**28,706,500**

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

12. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

	Three months ended July 31,	
	2013	2012
	$	$
Stock option expense	**11**	35
Share appreciation rights ("SAR") recovery	**(52)**	(140)
Directors' deferred share unit ("DSU") recovery	**(2)**	(26)
	(43)	(131)

Stock Option Plan

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.

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

12. SHARE-BASED COMPENSATION (CONTINUED)

The following table summarizes information about stock options outstanding and exercisable at July 31, 2013:

	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**	**$**	**#**	**Years**	**$**
5.60	227,000	0.2	5.60	227,000	0.2	5.60
7.00	281,500	1.2	7.00	222,500	1.2	7.00
10.13	10,000	1.8	10.13	8,000	1.8	10.13
Total	518,500	0.8	6.45	457,500	0.8	6.36

A summary of the status of the Corporation's stock option plan as of July 31, 2013 and changes during the three month period then ended is as follows:

	July 31, 2013		April 30, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of year	**518,500**	**6.45**	728,500	11.18
Exercised	**-**	**0.00**	(35,000)	5.74
Expired	**-**	**0.00**	(175,000)	26
Outstanding, end of period	**518,500**	**6.45**	518,500	6.45
Exercisable, end of period	**457,500**	**6.36**	455,500	6.34

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

12. SHARE-BASED COMPENSATION (CONTINUED)

A summary of the status of the Corporation's share appreciation rights as of July 31, 2013 and changes during the three months then ended is as follows:

	Number of SARs	**Reference Price**
Balance, April 30, 2013	700,000	11
Balance, July 31, 2013	700,000	11

A summary of the status of the Corporation's deferred share units as of July 31, 2013 and changes during the tree months then ended is as follows:

	Number of DSUs
Balance, April 30, 2012	43,052
Awarded	23,450
Balance, April 30, 2013	66,502
Awarded	-
Balance, July 31, 2013	**66,502**

Other Liabilities

Other liabilities consist of the following:

	July 31, 2013	April 30, 2013
	$	$
DSUs	**712**	714
SARs	**638**	690
	1,350	1,404

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended July 31,	
	2013	2012
	$	$
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**123**	226
Accounts payable and accrued liabilities	**138**	(257)
	261	(31)

	2013	2012
	$	$
Cash and cash equivalents consist of:		
Deposits with banks	**11,481**	7,746
Short-term investments	**51,793**	32,502
	63,274	40,248

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

14. RELATED PARTY TRANSACTIONS

	Three months ended July 31, 2013 $	2012
Legal services received from a law firm, one of the partners of which is a director of the Corporation and reflected as:		
General and administrative expenses	**24**	18
	24	18

During the three months ended July 31, 2013, the Corporation billed Mining Equity (a joint venture accounted investment – see Note 6) for the reimbursement of exploration and consulting assistance totaling $15,000 (2012-$nil).

Compensation for key management personnel and directors is as follows:

	Three months ended July 31, 2013 $	2012 $
Salaries and benefits	**254**	313
Share-based compensation	**229**	26
	483	339

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

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

15. SEGMENTED INFORMATION

The Corporation operates two reportable segments of exploration and investments/royalty acquisition. Corporate operating costs are not allocated to the segments and are presented separately. Intersegment transactions are not significant and are eliminated upon consolidation. These segments reflect the legal and internal reporting structure of the Corporation. The Corporation's key decision makers assess performance and make resource allocation decisions based on consolidated net earnings (loss) before taxes and non-controlling interest.

Three months ended July 31, 2013

	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
Revenue				
Interest and investment income	242	-	3	245
Other	-	11	-	11
	242	11	3	256
Loss before income taxes	(791)	(147)	(546)	(1,484)
Income tax recovery				(173)
Net loss				(1,311)

Three months ended July 31, 2012

	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
Revenue				
Interest and investment income	685	8	27	720
Other	-	43	-	43
	685	51	27	763
Loss before income taxes	(2,575)	(543)	(324)	(3,442)
Income tax recovery				(373)
Net loss				(3,069)

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

15. SEGMENTED INFORMATION (CONTINUED)

Total assets:

	Royalty and Investment	Exploration	Corporate	Total
	$	$	$	$
April 30, 2013	263,109	7,144	2,587	272,840
July 31, 2013	**258,537**	**4,994**	**5,958**	**269,489**

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the consolidated 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;

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; and

Level 3 – valuation techniques with significant unobservable market inputs.

Fair value of the Corporation's financial assets and financial liabilities was determined as follows:

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at July 31, 2013:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	**51,793**	**-**	**-**	**51,793**
Marketable securities	**72,039**	**-**	**-**	**72,039**
Mining and other investments	**41,940**	**2,093**	**-**	**44,033**
TOTAL FINANCIAL ASSETS	**165,772**	**2,093**	**-**	**167,865**
FINANCIAL LIABILITIES	**712**	**638**	**-**	**1,350**

As at April 30, 2013:	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	57,589	-	-	57,589
Marketable securities	77,926	-	-	77,926
Mining and other investments	34,677	1,321	-	35,998
TOTAL FINANCIAL ASSETS	170,192	1,321	-	171,513
FINANCIAL LIABILITIES	714	690	-	1,404

Risk Management

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

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted in the April 30, 2013 annual consolidated financial statements.

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

17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11

The transition to IFRS 11 affected the Corporation's previously reported Consolidated Balance Sheets as at April 30, 2013 and the Condensed Consolidated Interim Statements of Loss and Condensed Consolidated Interim Statements of Cash Flow as at and for the three months ended July 31, 2013 and July 31, 2012. Prior to the adoption of IFRS 11, LNRLP was accounted for using the proportionate consolidation method and is now being accounted for using the equity method.

The Adoption of IFRS 11 had no impact on the Statements of Condensed Consolidated Interim Comprehensive Income and the Condensed Consolidated Interim Statement of Changes in equity.

Impact on Balance Sheet Classifications as at April 30, 2013

	April 30, 2013 Previously Released	Reclassification	**April 30, 2013 Restated**
Accounts receivable	1,362	(863)	499
Royalty interest in mineral property	8,029	(8,029)	-
Interest in joint ventures	-	8,892	8,892

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

17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11 (CONTINUED)

Impact on Statement of Earnings (loss)

	Three months ended July 31, 2012 Previously Released	Reclassification	**Three months ended July 31, 2012 Restated**
	$	$	**$**
Revenue			
Royalty	572	(572)	**-**
Interest and investment	720	-	**720**
Other	43	-	**43**
	1,335	(572)	**763**
Expenses			
General and administrative	1,006	(6)	**1,000**
Gnerative exploration	167	-	**167**
Exploration and evaluation assets abandoned or impaired	1	-	**1**
Amortization	270	(251)	**19**
Share-based compensation	(131)	-	**(131)**
Royalty tax	114	(114)	**-**
	1,427	(371)	**1,056**
Loss before the following	(92)	(201)	**(293)**
Loss on disposal of investments	(1,062)	-	**(1,062)**
Unrealized gain on fair value adjustment of derivatives	129	-	**129**
Earnings from joint ventures	-	201	**201**
Share of loss in associates	(2,417)	-	**(2,417)**
Loss before income taxes	(3,442)	-	**(3,442)**
Income tax expense (recovery)			
Current	796	-	**796**
Deferred	(1,169)	-	**(1,169)**
	(373)	-	**(373)**
Net loss	(3,069)	-	**(3,069)**

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

17. EXPLANATION OF THE EFFECT OF THE ADOPTION OF IFRS 11 (CONTINUED)

Impact on Statement of Cash Flows

	Three months ended July 31, 2012 Previously Released	Reclassification	**Three months ended July 31, 2012 Restated**
	$	$	$
Operating activities			
Net loss	(3,069)	-	(3,069)
Adjustments for:			
Generative exploration	167	-	167
Exploration and evaluation assets abandoned or impaired	1	-	1
Share-based compensation	(131)	-	(131)
Amortization	270	(251)	19
Loss on disposal of investments	1,062	-	1,062
Unrealized gain on fair value adjustment of derivatives	(129)	-	(129)
Earnings form joint ventures	-	(201)	(201)
Share of loss in associates	2,417	-	2,417
Income tax recovery	(373)	-	(373)
Income taxes received	4,011	-	4,011
	4,226	(452)	3,774
Changes in non-cash operating working capital	421	(452)	(31)
	4,647	(904)	3,743
Financing activities			
Payments to non-controlling interests	(65)		(65)
Repurchase of common shares	(1,943)		(1,943)
	(2,008)	-	(2,008)
Investing activities			
Proceeds from sale of investments	1,080	-	1,080
Distributions from joint ventures	-	904	904
Generative exploration	(167)	-	(167)
Exploration and evaluation assets, net of recoveries	238	-	238
Increase in marketable securities	(9,887)	-	(9,887)
Acquisition of investments	(4,013)	-	(4,013)
Acquisition of property and equipment	(16)	-	(16)
	(12,765)	904	(11,861)
Net decrease in cash and cash equivalents	(10,126)	-	(10,126)
Cash and cash equivalents, beginning of period	50,374		50,374
Cash and cash equivalents, end of period	40,248	-	40,248