ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements
For the three and six months ended
June 30, 2018 and July 31, 2017
(unaudited)

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ALTIUS MINERALS CORPORATION

Condensed Consolidated Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at,

	Note #	June 30, 2018	December 31, 2017
	1	**$**	$
ASSETS			
Current assets			
Cash and cash equivalents	13	**52,199**	61,982
Accounts receivable and prepaid expenses		**8,028**	8,057
Income taxes receivable		**304**	304
Convertible debenture	8	**13,493**	12,692
		74,024	83,035
Non-current assets			
Interests in joint ventures	4	**102,559**	154,652
Royalty and streaming interests	7	**263,216**	146,636
Mining and other investments	6	**114,808**	113,056
Exploration and evaluation assets		**20,597**	20,297
Goodwill		**7,841**	7,841
Deferred tax assets	9	**4,416**	3,837
Investment in associates	5	**9,419**	4,826
Property and equipment		**22**	22
		522,878	451,167
TOTAL ASSETS		**596,902**	534,202
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**6,163**	8,948
Current portion of debt	10	**20,000**	13,000
Income taxes payable		**2,302**	2,821
		28,465	24,769
Non-current liabilities			
Long-term debt	10	**102,537**	52,193
Deferred tax liabilities	9	**55,634**	57,115
		186,636	134,077
EQUITY			
Shareholders' equity		**397,622**	400,056
Non-controlling interest		**12,644**	69
		410,266	400,125
TOTAL LIABILITIES AND EQUITY		**596,902**	534,202

see accompanying notes to the Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Earnings

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

		Three months ended,		Six months ended,	
		June 30,	July 31,	**June 30,**	July 31,
	Note #	**2018**	2017	**2018**	2017
	1	**$**	$	**$**	$
Revenue and other income	3 & 11	**12,792**	9,587	**22,187**	17,230
Costs and Expenses					
General and administrative	11	**1,973**	1,066	**3,873**	2,612
Cost of sales - copper stream	3	**1,302**	1,039	**2,446**	1,918
Share-based compensation		**774**	325	**1,070**	521
Generative exploration		**49**	91	**109**	258
Exploration and evaluation assets abandoned or impaired		**4**	279	**13**	2,391
Mineral rights and leases		**297**	148	**375**	224
Amortization and depletion		**3,805**	4,003	**6,855**	6,925
		8,204	6,951	**14,741**	14,849
Earnings from joint ventures	4	**3,006**	3,625	**8,221**	7,042
Gain on disposal of investments	6	**-**	193	**92**	750
Interest on long-term debt		**(2,634)**	(1,396)	**(3,878)**	(2,759)
Foreign exchange (loss) gain		**(60)**	726	**(142)**	180
Dilution gain on issuance of shares by associate		**-**	-	**-**	196
Unrealized gain (loss) on fair value adjustment of derivatives	6 & 8	**1,897**	519	**(286)**	519
Share of loss and impairment in associates	5	**(150)**	(685)	**(482)**	(2,791)
Earnings before income taxes		**6,647**	5,618	**10,971**	5,518
Income taxes (current and deferred)	9	**1,127**	1,126	**2,924**	1,986
Net earnings		**5,520**	4,492	**8,047**	3,532
Net earnings (loss) attributable to:					
Common shareholders		**5,291**	4,495	**7,821**	3,532
Non-controlling interest		**229**	(3)	**226**	-
		5,520	4,492	**8,047**	3,532
Net earnings per share					
basic and diluted	12	**0.12**	0.10	**0.18**	0.08

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Comprehensive Earnings (Loss)

(Unaudited - In thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2018	July 31, 2017	**June 30, 2018**	July 31, 2017
	$	$	**$**	$
Net earnings	**5,520**	4,492	**8,047**	3,532
Other comprehensive earnings (loss), net of tax				
To be reclassified subsequently to profit or loss:				
Net unrealized gain (loss) on investments (net of deferred income tax year to date of $650)	**-**	498	**-**	(3,654)
Adjustment for net realized loss on investments (net of deferred tax recovery of $37)	**-**	-	**-**	(243)
To not be reclassified subsequently to profit or loss:				
Net unrealized gain (loss) on investments (net of deferred tax recovery year to date of $1,133)	**11,138**	-	**(6,414)**	-
Realized gain on investments	**1,856**	-	**1,853**	-
Total comprehensive earnings (loss)	**18,514**	4,990	**3,486**	(365)
Total comprehensive earnings (loss) attributable to:				
Common shareholders	**18,285**	4,993	**3,260**	(365)
Non-controlling interest	**229**	(3)	**226**	-
	18,514	4,990	**3,486**	(365)

see accompanying notes to the Condensed Consolidated Financial Statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

		Six months ended	
		June 30, 2018	July 31, 2017
	Note #	**$**	$
Operating activities	1		
Net earnings		**8,047**	3,532
Adjustments for operating activities	13	**(255)**	2,799
		7,792	6,331
Changes in non-cash operating working capital	13	**(1,981)**	(2,558)
		5,811	3,773
Financing activities			
Proceeds from long-term debt	10	**190,000**	-
Repayment of long-term debt	10	**(131,183)**	(7,427)
Costs on issuance of new debt	10	**(2,463)**	-
Proceeds from issuance of preferred securities		**-**	24,600
Costs on issuance of preferred securities		-	(403)
Payment to non-controlling interest		**(136)**	-
Preferred securities distribution		**(2,411)**	-
Repurchase of common shares	12	**(75)**	(1,678)
Dividends paid		**(3,457)**	(2,600)
		50,275	12,492
Investing activities			
Proceeds from sale of investments		**2,387**	1,713
Acquisition of convertible debenture	12	**-**	(10,000)
Proceeds from disposal of mineral properties		**-**	191
Cash received from joint ventures	4	**11,779**	11,350
Acquisition of control of Potash Royalty Limited Partnership	4 & 7	**(63,437)**	-
Generative exploration		**(109)**	(258)
Exploration and evaluation assets, net of recoveries		**(601)**	(1,218)
Acquisition of royalty interests	7	**(740)**	-
Acquisition of investments	5 & 6	**(15,145)**	(21,794)
Acquisition of property and equipment		**(3)**	(9)
		(65,869)	(20,025)
Net decrease in cash and cash equivalents		**(9,783)**	(3,760)
Cash and cash equivalents, beginning of period		**61,982**	12,535
Cash and cash equivalents, end of period		**52,199**	8,775

Supplemental cash flow information (Note 13)

see accompanying notes to the Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Changes in Equity

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

	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	#	$	#	$	$	$	$	$	$	$
					(Note 12)	(Note 3)	(Note 3)			
Balance, January 31, 2017	43,335,654	270,228	-	-	6,181	9,687	11,438	297,534	69	297,603
Net earnings and comprehensive (loss), February 1 to July 31, 2017	-	-	-	-	-	(3,897)	3,532	(365)	-	(365)
Shares repurchased and cancelled	(153,689)	(958)	-	-	-	-	(720)	(1,678)	-	(1,678)
Securities issued	-	-	2,500,000	21,997	-	-	-	21,997	-	21,997
Issuance costs	-	-	-	(866)	-	-	-	(866)	-	(866)
Preferred securities distribution	-	-	-	-	-	-	(332)	(332)	-	(332)
Warrants issued	-	-		-	3,003	-	-	3,003	-	3,003
Dividends	-	-	-	-	-	-	(2,600)	(2,600)	-	(2,600)
Share-based compensation	-	-	-	-	521	-	-	521	-	521
Shares issued under long-term incentive plan	26,326	319	-	-	(319)	-	-	-	-	-
Balance, July 31, 2017	43,208,291	269,589	2,500,000	21,131	9,386	5,790	11,318	317,214	69	317,283
Net earnings and comprehensive earnings, August 1 to December 31, 2017	-	-	-	-	-	28,078	13,726	41,804	-	41,804
Shares repurchased and cancelled	(21,000)	(131)	-	-	-	-	(102)	(233)	-	(233)
Securities issued	-	-	7,500,000	65,991	-	-	-	65,991	-	65,991
Deferred tax	-	-	-	(30,000)	-	-	-	(30,000)	-	(30,000)
Preferred securities distribution	-	-	-	-	-	-	(1,363)	(1,363)	-	(1,363)
Issuance costs	-	-	-	(61)	-	-	-	(61)	-	(61)
Warrants issued	-	-	-	-	9,009	-	-	9,009	-	9,009
Dividends	-	-	-	-	-	-	(3,023)	(3,023)	-	(3,023)
Share-based compensation	-	-	-	-	718	-	-	718	-	718
Balance, December 31, 2017	43,187,291	269,458	10,000,000	57,061	19,113	33,868	20,556	400,056	69	400,125
Net earnings and comprehensive (loss) earnings, January 1 to June 30, 2018	-	-	-	-	-	(4,561)	7,821	3,260	226	3,486
Non-controlling interest of Potash Royalty Partnership acquisition (Note 7)	-	-	-	-	-	-	-	-	12,485	12,485
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(136)	(136)
Adoption of IFRS 9 & 15 (Note 3)	-	-	-	-	-	(1,888)	1,134	(754)		(754)
Shares repurchased and cancelled (Note 12)	(6,200)	(39)	-	-	-	-	(36)	(75)	-	(75)
Preferred securities distribution	-	-	-	-	-	-	(2,478)	(2,478)	-	(2,478)
Dividends	-	-	-	-	-	-	(3,457)	(3,457)	-	(3,457)
Share-based compensation	-	-	-	-	1,070	-	-	1,070	-	1,070
Shares issued under long-term incentive plan	33,935	384	-	-	(384)	-	-	-	-	-
Balance, June 30, 2018	**43,215,026**	**269,803**	**10,000,000**	**57,061**	**19,799**	**27,419**	**23,540**	**397,622**	**12,644**	**410,266**

see accompanying notes to condensed consolidated financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation ("Altius" or the "Corporation") is a diversified mining royalty, streaming and mineral project generation company with royalty and streaming interests in 15 operating mines located throughout Canada and Brazil. The royalty and stream interests cover mining operations producing copper, zinc, nickel, cobalt, iron ore, precious metals, potash and thermal (electrical) and metallurgical coal. The Corporation holds other pre-development stage royalty interests, and several other earlier stage royalties that were created through project generation. It also holds equity interests in non-precious metals royalty companies, as well as various junior mineral exploration companies that undertake a project generation and joint venture type business model.

In 2017, the Corporation changed its year end to December 31 in order to align with mine operations. These condensed consolidated financial statements reflect three and six-month period from April 1 to June 30, 2018 and January 1 to June 30, 2018 respectively, and comparative three and six-month periods from May 1 to July 31, 2017 and February 1 to July 31, 2017 respectively.

Altius 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 condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 8, 2018.

2. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or investments which are measured at fair value through other comprehensive income. Additionally, these condensed consolidated financial statements have been prepared using accrual basis accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the eight-month period ended December 31, 2017, with the exception of the changes arising from the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with a date of initial application of January 1, 2018.

The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the eight-month period ended December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS (CONTINUED)

IFRS 9 – Financial Instruments

The Corporation has adopted IFRS 9, Financial Instruments ("IFRS 9"), with a date of initial adoption of January 1, 2018. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is generally based on how an entity manages its financial assets in the context of its business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive earnings. Impairment of financial assets are determined using a single impairment model that requires entities to recognize expected credit losses without requiring a triggering event to occur. The new impairment model applies to financial assets measured at amortized cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments. IFRS 9 largely retains the existing requirements under IAS 39 for the classification and measurement of financial liabilities.

This standard has been applied retrospectively using the available transitional provisions that allow an entity not to restate comparative period information. The Corporation has recognized the effects of applying this standard as an adjustment to opening retained earnings as at January 1, 2018.

The Corporation holds a Convertible Debenture which does not have contractual cash flow characteristics that are solely payments of principal and interest. As a result, this compound instrument should be classified and measured at fair value through profit and loss ("FVTPL") in accordance with IFRS 9. Upon adoption of IFRS 9, the entire investment is measured at fair value, with changes in carrying value recorded in opening retained earnings as at January 1, 2018.

The Corporation has applied the irrevocable option for each of our equity investments resulting in measurement of gains and losses in other comprehensive earnings. Under IFRS 9, investments measured at FVOCI are not subject to impairment and gains or losses will not be reclassified to earnings. Upon the adoption of IFRS 9, the Corporation recorded a reclassification of impairment charges previously recognized in the consolidated statement of earnings from retained earnings to accumulated other comprehensive income as at January 1, 2018. Share purchase warrants continue to be classified and measured at FVTPL.

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

	IAS 39	IFRS 9
Financial Assets		
Cash, accounts receivable	Amortized cost	Amortized cost
Mining and other investments	Available-for-sale	Fair value through other comprehensive income
Share purchase warrants	Held-for-trading	Fair value through profit or loss
Convertible debenture	Amortized cost (loan receivable) & held-for-trading (equity conversion option)	Fair value through profit or loss
Financial Liabilities		
Accounts payable, accrued liabilities	Amortized cost	Amortized cost
Debt	Amortized cost	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS (CONTINUED)

The classification of financial assets is based on the Corporation's business models for managing the financial assets and their contractual cash flow characteristics. Transaction costs with respect to financial instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method.

The Corporation's financial assets are classified into one of the following three measurement categories:

- Financial assets held within a business model for the purpose of collecting contractual cash flows ("held to collect") that represent solely payments of principal and interest ("SPPI") are measured at amortized cost.
- Financial assets held within a business model where assets are both held for the purpose of collecting contractual cash flows or sold prior to maturity and the contractual cash flows represent solely payments of principal and interest are measured at FVOCI.
- Financial assets held within another business model or assets that do not have contractual cash flow characteristics that are solely payments of principal and interest will be measured at FVTPL.

IFRS 15 – Revenue from Contracts with Customers

The Corporation has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), with a date of initial adoption of January 1, 2018. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Corporation has elected to adopt IFRS 15 using a modified retrospective approach with the cumulative effect of initially applying the standard being recorded as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The Corporation has determined that the streaming revenue it receives is generated based on contracts with customers and as a result is in scope of IFRS 15. The Corporation has reassessed the point of control transfer relating to its copper stream and as a result has changed its revenue recognition policy.

The Corporation has determined that royalty, interest and investment income are not in scope of IFRS 15 and hence the Corporation's accounting policies are unchanged as a result of the adoption of this Standard. Similarly, the Corporation determined that proceeds on disposal of exploration and evaluation assets are not in scope of IFRS 15 and hence the Corporation's accounting policy for these proceeds and cost recoveries is unchanged from that disclosed in the annual consolidated financial statements of the Corporation as at and for the eight-month period ended December 31, 2017.

Revenue recognition contracts with customers- streams

Certain revenues from contracts with customers are comprised of amounts earned from the sale to third parties of commodities acquired through our mineral stream interests. Stream revenue from customers is recognized when the Corporation becomes entitled to payment upon satisfying its performance obligation by delivering the commodity, at which point control over the commodity transfers. Stream revenue from customers is measured in reference to the transaction price as specified within our contracts with end purchasers of the commodities.

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS (CONTINUED)

The impact on the balance sheet from the adoption of IFRS 9 and IFRS 15 is summarized as follows:

	IFRS 9		IFRS 15	
	Convertible Debenture	Investments	Copper stream	Total
Accounts receivable	-	-	(2,198)	(2,198)
Champion debenture	448	-	-	448
Deferred tax asset/liability	(67)	-	420	353
Accounts payable	-	-	643	643
Accumulated other comprehensive income	-	1,888	-	1,888
Retained earnings	(381)	(1,888)	1,135	(1,134)

Pronouncements

IFRS 16 – Leases. This standard specifies how the Corporation will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019.

The Corporation has not early adopted IFRS 16 and standards and continues to assess the impact of this standard on its consolidated financial statements but does not expect the impact to be material.

4. INTERESTS IN JOINT VENTURES

	LNRLP	Prairie Royalties LP	Total
	$	$	$
Balance April 30, 2017	5,717	145,991	151,708
Earnings (loss)	(420)	14,372	13,952
Cash (receipts) disbursements	420	(11,428)	(11,008)
Balance, December 31, 2017	5,717	148,935	154,652
Acquisition of control of Potash Royalty Limited Partnership (Note 7)	-	(48,535)	(48,535)
Earnings (loss)	(298)	8,519	8,221
Cash (receipts) disbursements	298	(12,077)	(11,779)
Balance, June 30, 2018	**5,717**	**96,842**	**102,559**

On March 23, 2018, the Corporation together with a private third party acquired an additional 44.935% in Potash Royalty Limited Partnership ("PRLP"), one of the Prairie Royalties LPs, from Liberty Metals & Mining Holdings, LLC for total cash consideration of $75,000,000, $65,000,000 of which is the Corporation's portion. The acquisition is considered an asset acquisition for financial reporting purposes. This acquisition brings the Corporation's total interest in PRLP to 91.313% from its previous 52.369% ownership. Effective March 23, 2018, the Corporation consolidated the net assets of PRLP, recognized a non-controlling interest and discontinued equity accounting for PRLP in accordance with IFRS 10 Consolidated Financial Statements.

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

5. INVESTMENT IN ASSOCIATES

	Alderon	Adventus Zinc	Total
	$	$	$
Balance, April 30, 2017	551	2,769	3,320
Additions	-	2,700	2,700
Share of loss in associates	(551)	(643)	(1,194)
Balance, December 31, 2017	-	4,826	4,826
Additions	5,075	-	5,075
Share of loss in associates	-	(482)	(482)
Balance, June 30, 2018	**5,075**	**4,344**	**9,419**

Percentage ownership:		
At December 31, 2017:	24.9%	26.7%
At June 30, 2018	**38.8%**	**26.7%**

On March 22, 2018, the Corporation acquired an additional 18,797,454 Alderon common shares from Liberty Metals & Mining Holdings, LLC ("Liberty") for a total cost of $5,075,000. The Corporation currently holds 51,838,916 shares in Alderon Iron Ore Corporation ("Alderon") or 38.8% (December 31, 2017 - 24.9%) of the total shares outstanding. The Corporation exercises significant influence over this investee and continues to equity account for this investment in accordance with IAS 28 Investments in Associates. The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on Alderon's Kami iron ore property.

6. MINING AND OTHER INVESTMENTS

	Investments	Share Purchase Warrants	Total
	$	$	$
Balance, April 30, 2017	44,523	-	44,523
Additions	36,114	629	36,743
Disposals	(5,439)	-	(5,439)
Impairment recognition	1,995	-	1,995
Revaluation	33,620	1,614	35,234
Balance, December 31, 2017	110,813	2,243	113,056
Additions	9,660	502	10,162
Reclassification to investments in traded securities	104	(104)	-
Receipt for interest in mineral property	299	11	310
Disposals	(533)	-	(533)
Revaluation (Note 3)	(7,548)	(639)	(8,187)
Balance, June 30, 2018	**112,795**	**2,013**	**114,808**

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

7. ROYALTY AND STREAMING INTERESTS

	Note	As at December 31, 2017	Additions	**As at June 30, 2018**
		$	**$**	**$**
Royalty interests				
Rocanville - Potash	a	11,891	59,750	**71,641**
Esterhazy - Potash	a	3,000	29,689	**32,689**
Cory - Potash	a	-	18,699	**18,699**
Allan - Potash	a	-	6,279	**6,279**
Patience Lake - Potash	a	-	3,849	**3,849**
Vanscoy - Potash	a	-	5,165	**5,165**
Other potash		7,000	-	**7,000**
Coal & coal bed methane		8,000	-	**8,000**
777 Mine - Copper & zinc		47,356	-	**47,356**
Gunnison - Copper		5,300	-	**5,300**
Sheerness West - Coal		9,000	-	**9,000**
Pickett Mountain		7,606	-	**7,606**
Streaming interest				
Chapada - Copper		77,634	-	**77,634**
Balance, end of period		176,787	123,431	**300,218**
Accumulated amortization and depletion				
Rocanville - Potash		68	497	**565**
Esterhazy - Potash		59	55	**114**
Cory - Potash		-	17	**17**
Allan - Potash		-	67	**67**
Vanscoy - Potash		-	2	**2**
Other potash		38	-	**38**
Coal & coal bed methane		1,434	200	**1,634**
777 Mine - Copper & zinc		21,459	3,666	**25,125**
Gunnison - Copper		-	-	**-**
Sheerness West - Coal		-	-	**-**
Pickett Mountain		-	-	**-**
Streaming interest				
Chapada - Copper		7,093	2,347	**9,440**
Balance, end of period		30,151	6,851	**37,002**
Net book value		146,636	116,580	**263,216**

a. On March 23, 2018, following the acquisition of control of PRLP, the Corporation consolidated the net assets of PRLP, consisting of potash royalty interests of $122,691,000, cash of $11,563,000, working capital of $1,765,000 and a non-controlling interest of $12,485,000. Upon the acquisition of control, the Corporation disposed of its previously held interest in joint venture, at cost, of $48,535,000 (Note 4) recognizing no gain or loss. The value assigned to the royalty interests of $122,691,000 consists of the Corporation's cost of its investment in PRLP, the net $65,000,000 for the newly acquired ownership and the cost of the non-controlling interest, net of any working capital adjustments.

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

7. ROYALTY AND STREAMING INTERESTS (CONTINUED)

PRLP receives royalty income from six producing potash mines located in Saskatchewan, Canada, including Nutrien Ltd.'s Rocanville, Vanscoy, Allan, Cory and Patience Lake mines and The Mosaic Company's Esterhazy mine. The Corporation has allocated between the six royalty assets on a preliminary basis. The Corporation elected to pay for the acquisition using $65,000,000 from its revolving credit (Note 10) and $10,000,000 from cash on hand. The acquisition cost of $75,000,000 is shown net of PRLP's cash assumed of $11,563,000 in the statement of cash flows.

	Note	As at April 30, 2017	Additions	As at December 31, 2017
		$	$	$
Royalty interests				
Rocanville - Potash		5,000	6,891	11,891
Esterhazy - Potash		3,000	-	3,000
Other potash		7,000	-	7,000
Coal & coal bed methane		8,000	-	8,000
777 Mine - Copper & zinc		47,356	-	47,356
Gunnison - Copper		5,300	-	5,300
Sheerness West - Coal		9,000	-	9,000
Pickett Mountain		-	7,606	7,606
Streaming interest				
Chapada - Copper		77,634	-	77,634
Balance, end of period		162,290	14,497	176,787
Accumulated amortization and depletion				
Rocanville - Potash		49	19	68
Esterhazy - Potash		47	12	59
Other potash		37	1	38
Coal & coal bed methane		1,167	267	1,434
777 Mine - Copper & zinc		15,985	5,474	21,459
Gunnison - Copper		-	-	-
Sheerness West - Coal		-	-	-
Pickett Mountain		-	-	-
Streaming interest				
Chapada - Copper		3,024	4,069	7,093
Balance, end of period		20,309	9,842	30,151
Net book value		141,981	4,655	146,636

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

8. CONVERTIBLE DEBENTURE

	Total
	$
Balance, December 31, 2017	12,692
IFRS 9 adoption (Note 3)	448
Revaluation	353
Balance, June 30, 2018	**13,493**

On June 1, 2017, the Corporation invested $10 million in an unsecured subordinated convertible debenture (the “Debenture”) of Champion Iron Limited (“Champion”). The Debenture will mature December 31, 2018 and has been classified in current assets and bears interest at a rate of 8% payable quarterly. The Debenture is convertible at the option of the Corporation at any time into Champion common shares at a conversion price of $1.00 per share. If the principal amount is not repaid in full on or before the second anniversary of the Debenture Altius will have the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on the Bloom Lake project. The Corporation fair values the Debenture at each reporting period using an option pricing model which includes inputs for the maturity of the instrument, probabilities, volatility and share price of the underlying entity and records any unrealized gains or losses in the statement of earnings. Interest income in the amount of $459,000 has been recognized during the six months ended June 30, 2018.

9. INCOME TAXES

Significant components of the deferred tax liability are as follows:

	June 30, 2018	December 31, 2017
	$	$
Temporary differences related to exploration and evaluation assets, property and other	**(3,537)**	(3,202)
Non capital and net capital loss carryforwards	**1,337**	941
Carrying value of investments in excess of tax values	**(5,411)**	(6,525)
Temporary differences related to preferred securities	**(30,000)**	(30,000)
Deferred and deductible share-based compensation and other costs	**1,095**	809
Share and debt issue costs	**1,271**	1,336
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	**(15,973)**	(16,637)
	(51,218)	(53,278)

	June 30, 2018	December 31, 2017
	$	$
Deferred tax liabilities	**(55,634)**	(57,115)
Deferred tax assets	**4,416**	3,837
Total deferred income tax	**(51,218)**	(53,278)

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

9. INCOME TAXES (CONTINUED)

Components of income tax are as follows:

	Three months ended,		Six months ended,	
	June 30, 2018	July 31, 2017	**June 30, 2018**	July 31, 2017
	$	$	**$**	$
Current tax	**1,315**	1,174	**3,500**	2,652
Deferred tax	**(188)**	(48)	**(576)**	(666)
	1,127	1,126	**2,924**	1,986

10. DEBT

At amortized cost	**June 30, 2018**	December 31, 2017
	$	$
Long-term debt	**122,537**	65,193
Current	**20,000**	13,000
Non-current	**102,537**	52,193
	122,537	65,193

On June 29, 2018, the Corporation amended its senior secured debt facility to refinance its previous term and revolver debt of $125 million. The amendment which was considered to be an extinguishment of debt replaced the combination of outstanding term and revolver debt with a $125 million term facility (the “Term Credit Facility”) and access to a $100 million revolving facility (the “Revolving Facility”), collectively the “Amended Credit Facilities”.

The Term Credit Facility has a five-year term and is repayable by June 2023 with quarterly principal repayments of $5 million, bearing interest at variable rates based on the total net debt ratio and additional repayments are permitted at any time with no penalty. The Revolving Facility is payable in full by June 2023 and is permitted for future qualifying royalty and streaming acquisitions.

Concurrent with the refinancing, the Corporation entered into a floating-to-fixed interest rate swap to lock in the interest rate on $100 million of the Term Credit Facility on an amortized basis for a period of five years. The Corporation expects the interest rate on the fixed portion of the debt to be approximately 5.45% per annum during the full term of the loan, with the remaining $25 million and the Revolving Facility initially carrying a 4.67% interest rate that will change in accordance with market interest rates. The Corporation has designated this swap as a hedge and is applying hedge accounting.

During the first quarter ended March 31, 2018, the Corporation completed a draw-down of $65,000,000 on its previous revolving facility which combined with $10,000,000 in cash funded the Liberty Potash Royalties acquisition (see Note 7). In accordance with the previous terms of the credit facilities the Corporation repaid $6,500,000 during the six months ended June 30, 2018, (July 31, 2017 - $5,427,000).

The Corporation is amortizing costs of $2,463,000 attributable to securing the Amended Credit Facilities over the life of the facilities using an effective interest rate of 5.39%. During the three and six months ended June

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

10. DEBT (CONTINUED)

30, 2018, $812,000 and $969,000 (July 31, 2017 - $166,000 and $331,000) of the costs were recognized in the consolidated statement of earnings. Costs of $812,000 recognized in the three months ended June 30, 2018 were related to the extinguishment of the previous credit facilities.

As at June 30, 2018 the Corporation was in compliance with all debt covenants.

The following principal repayments for the New Credit Facilities are required over the next 5 years.

	Term	Revolver	Total
	$	**$**	**$**
2019	20,000	-	20,000
2020	20,000	-	20,000
2021	20,000	-	20,000
2022	20,000	-	20,000
2023	45,000	-	45,000
	125,000	-	125,000
Less: unamortized debt costs			2,463
			122,537

11. REVENUE AND GENERAL AND ADMINISTRATIVE

Revenue and other income	**Three months ended**		**Six months ended**	
	June 30, 2018	July 31, 2017	**June 30, 2018**	July 31, 2017
	$	$		$
Copper stream*	**4,487**	3,512	**8,391**	6,454
Royalty	**7,156**	4,143	**11,152**	7,910
Interest and investment	**1,134**	1,669	**2,597**	2,528
Other	**15**	263	**47**	338
Total revenue and other income	**12,792**	9,587	**22,187**	17,230

*Revenue from contracts with customers

General and administrative expenses	**Three months ended**		**Six months ended**	
	June 30, 2018	July 31, 2017	**June 30, 2018**	July 31, 2017
	$	$	**$**	$
Salaries and benefits	**1,047**	544	**1,881**	1,802
Office and administrative	**291**	234	**537**	434
Professional and consulting fees	**537**	213	**1,230**	227
Travel and accommodations	**98**	75	**225**	149
Total general and administrative	**1,973**	1,066	**3,873**	2,612

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

12. SHARE CAPITAL

Shares repurchased

The Corporation renewed its Normal Course Issuer Bid ("NCIB") effective August 22, 2017 and it will end no later than August 21, 2018. The Corporation may purchase at market price up to 2,038,535 common shares representing approximately 4.7% of its 43,208,291 outstanding shares as of August 11, 2017. The Corporation repurchased and cancelled 6,200 common shares during the six months ended June 30, 2018 at a cost of $75,000 (July 31, 2017 - $1,678,000).

Net earnings per share

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

	Three months ended		**Six months ended**	
	June 30, 2018	July 31, 2017	**June 30, 2018**	July 31, 2017
Weighted average number of shares:				
Basic	**43,221,228**	43,337,873	**42,313,730**	43,336,764
Diluted	**43,505,997**	43,538,201	**43,494,896**	43,537,949

Other equity reserves

Other equity reserves consist of share-based payment reserves of $3,771,000, warrants of $12,959,000 and contributed surplus of $3,069,000 for a total of $19,799,000. Share-based payment reserve amounts are in respect of stock options, deferred share units ("DSUs"), and restricted share units ("RSUs").

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended	
	June 30, 2018	July 31, 2017
	$	$
Adjustments for operating activities:		
Generative exploration	**109**	258
Exploration and evaluation assets abandoned or impaired	**13**	2,391
Share-based compensation	**1,070**	521
Unrealized foreign exchange loss	**-**	(1,353)
Amortization and depletion	**6,855**	6,925
Non-cash other revenue	**-**	(233)
Interest on long-term debt	**3,878**	2,759
Interest paid	**(2,595)**	(2,463)
Gain on disposal of investments	**(92)**	(750)
Unrealized gain on fair value adjustment of derivatives	**286**	(641)
Earnings from joint ventures	**(8,221)**	(7,042)
Share of loss and impairment in associates	**482**	2,791
Dilution gain on issuance of shares by associates	**-**	(196)
Income taxes	**2,924**	1,986
Income taxes paid	**(4,964)**	(2,154)
	(255)	2,799
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**455**	(1,998)
Accounts payable and accrued liabilities	**(2,436)**	(560)
	(1,981)	(2,558)
Cash and cash equivalents consist of:		
Deposits with banks	**52,199**	8,775
Short-term investments	**-**	-
	52,199	8,775

14. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2018 the Corporation billed a joint venture $114,000 (July 31, 2017 - $2,000) and an associate $3,000 (July 31, 2017 - $49,000) for reimbursement of property, exploration, consulting, professional and general administrative expenses. During the six months ended June 30, 2018 the Corporation billed a joint venture $114,000 (July 31, 2017 - $2,000) and an associate $11,000 (July 31, 2017 - $49,000) for reimbursement of property, exploration, consulting, professional and general administrative expenses.

During the three months ended June 30, 2018 the Corporation paid compensation to key management personnel and directors of $510,000 (July 31, 2017 - $1,497,000) related to salaries and benefits and incurred $774,000 (July 31, 2017 - $325,000) in share-based compensation costs. During the six months ended June 30, 2018 the Corporation paid compensation to key management personnel and directors of $1,811,000 (July 31, 2017 - $1,821,000) related to salaries and benefits and incurred $1,070,000 (July 31, 2017 - $521,000) in share-based compensation costs.

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

14. RELATED PARTY TRANSACTIONS (CONTINUED)

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.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurements for the periods ended June 30, 2018 and December 31, 2017 are under IFRS 9 and IAS 39 respectively.

Fair values of the Corporation's financial assets and financial liabilities were determined as follows:

As at June 30, 2018:

	Level 1	**Level 2**	**Level 3**	**TOTAL**
	$	$	$	$
FINANCIAL ASSETS				
Convertible debenture	**-**	**-**	**13,493**	**13,493**
Mining and other investments	**112,795**	**2,013**	**-**	**114,808**
TOTAL FINANCIAL ASSETS	**112,795**	**2,013**	**13,493**	**128,301**
FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**

As at December 31, 2017:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Convertible debenture (equity option)	-	3,103	-	3,103
Mining and other investments	110,813	2,243	-	113,056
TOTAL FINANCIAL ASSETS	110,813	5,346	-	116,159
FINANCIAL LIABILITIES	-	-	-	-

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 included in the December 31, 2017 annual consolidated financial statements.

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

16. SEGMENTED INFORMATION

Key measures used by the chief operating decision maker ("CODM") in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) (''adjusted EBITDA'') and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. Revenue and expenses from the LNRLP and Prairie Royalties joint ventures (see Note 4) are included in the Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table.

Reportable Segments

Three months ended June 30, 2018

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue and other income	**16,543**	**214**	**16,757**	**(3,965)**	**12,792**
Costs and Expenses					
General and administrative	**1,459**	**618**	**2,077**	**(104)**	**1,973**
Cost of sales - copper stream	**1,302**	**-**	**1,302**	**-**	**1,302**
Generative exploration	**-**	**49**	**49**	**-**	**49**
Mineral rights and leases	**-**	**297**	**297**	**-**	**297**
Adjusted EBITDA	**13,782**	**(750)**	**13,032**	**(3,861)**	**9,171**
Share-based compensation	**(503)**	**(271)**	**(774)**	**-**	**(774)**
Amortization and depletion	**(4,658)**	**(2)**	**(4,660)**	**855**	**(3,805)**
Earnings from joint ventures	**-**	**-**	**-**	**3,006**	**3,006**
Foreign exchange loss	**(60)**	**-**	**(60)**	**-**	**(60)**
Unrealized gain on fair value adjustment of derivative	**-**	**1,897**	**1,897**	**-**	**1,897**
Exploration and evaluation assets abandoned or impaired	**-**	**(4)**	**(4)**	**-**	**(4)**
Share of loss and impairment in associates	**-**	**(150)**	**(150)**	**-**	**(150)**
Interest on long-term debt	**(2,634)**	**-**	**(2,634)**	**-**	**(2,634)**
Earnings before income taxes	**5,927**	**720**	**6,647**	**-**	**6,647**
Income taxes (current and deferred)					**1,127**
Net earnings					**5,520**

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

16. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Six months ended June 30, 2018

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue and other income	32,348	506	32,854	(10,667)	22,187
Costs and Expenses					
General and administrative	2,826	1,372	4,198	(325)	3,873
Cost of sales - copper stream	2,446	-	2,446	-	2,446
Generative exploration	-	109	109	-	109
Mineral rights and leases	-	375	375	-	375
Adjusted EBITDA	27,076	(1,350)	25,726	(10,342)	15,384
Share-based compensation	(725)	(345)	(1,070)	-	(1,070)
Amortization and depletion	(8,972)	(4)	(8,976)	2,121	(6,855)
Earnings from joint ventures	-	-	-	8,221	8,221
Gain on disposal of investments	-	92	92	-	92
Foreign exchange loss	(142)	-	(142)	-	(142)
Loss on derivative financial instruments	-	(286)	(286)	-	(286)
Exploration and evaluation assets					-
abandoned or impaired	-	(13)	(13)	-	(13)
Share of loss and impairment in associates	-	(482)	(482)	-	(482)
Interest on long-term debt	(3,878)	-	(3,878)	-	(3,878)
Earnings (loss) before income taxes	13,359	(2,388)	10,971	-	10,971
Income taxes (current and deferred)					2,924
Net earnings					8,047
Supplementary information					
Total assets	541,800	55,102	596,902	-	596,902
Cash flow from (used)					
Operating activities	18,756	(1,166)	17,590	(11,779)	5,811
Financing activities	50,275	-	50,275	-	50,275
Investing activities	(71,073)	(6,575)	(77,648)	11,779	(65,869)
Total cash flow	(2,042)	(7,741)	(9,783)	-	(9,783)

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

16. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Three months ended July 31, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue and other income	15,100	263	15,363	(5,776)	9,587
Costs and Expenses					
General and administrative	978	483	1,461	(395)	1,066
Cost of sales - copper stream	1,039	-	1,039	-	1,039
Generative exploration	-	91	91	-	91
Mineral rights and leases	-	148	148	-	148
Adjusted EBITDA	13,083	(459)	12,624	(5,381)	7,243
Share-based compensation	(211)	(114)	(325)	-	(325)
Amortization and depletion	(5,759)	-	(5,759)	1,756	(4,003)
Earnings from joint ventures	-	-	-	3,625	3,625
Gain on disposal of investments	-	193	193	-	193
Foreign exchange gain	726	-	726	-	726
Unrealized gain on fair value adjustment					-
of derivative	519	-	519	-	519
Exploration and evaluation assets					-
abandoned or impaired	-	(279)	(279)	-	(279)
Share of loss and impairment in associate	-	(685)	(685)	-	(685)
Interest on long-term debt	(1,396)	-	(1,396)	-	(1,396)
Earnings (loss) before income taxes	6,962	(1,344)	5,618	-	5,618
Income taxes (current and deferred)					1,126
Net earnings					4,492

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

16. SEGMENTED INFORMATION (CONTINUED)

Reportable Segments

Six months ended July 31, 2017

	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
	$	$	$	$	$
Revenue and other income	28,478	339	28,817	(11,587)	17,230
Costs and Expenses					
General and administrative	2,188	1,345	3,533	(921)	2,612
Cost of sales - copper stream	1,918	-	1,918	-	1,918
Generative exploration	-	258	258	-	258
Mineral rights and leases	-	224	224	-	224
Adjusted EBITDA	24,372	(1,488)	22,884	(10,666)	12,218
Share-based compensation	(280)	(241)	(521)	-	(521)
Amortization and depletion	(10,549)	-	(10,549)	3,624	(6,925)
Earnings from joint ventures	-	-	-	7,042	7,042
Gain on disposal of investments	-	750	750	-	750
Foreign exchange gain	180	-	180	-	180
Unrealized gain on fair value adjustment of derivative	519	-	519	-	519
Exploration and evaluation assets abandoned or impaired	-	(2,391)	(2,391)	-	- (2,391)
Dilution gain on issuance of shares by associate	-	196	196	-	- 196
Share of loss and impairment in associates	-	(2,791)	(2,791)	-	(2,791)
Interest on long-term debt	(2,759)	-	(2,759)	-	(2,759)
Earnings (loss) before income taxes	11,483	(5,965)	5,518	-	5,518
Income taxes (current and deferred)					1,986
Net earnings					3,532
Supplementary information					
Total assets	367,178	46,811	413,989	-	413,989
Cash flow from (used)					
Operating activities	16,337	(1,214)	15,123	(11,350)	3,773
Financing activities	12,492	-	12,492	-	12,492
Investing activities	(30,737)	(638)	(31,375)	11,350	(20,025)
Total cash flow	(1,908)	(1,852)	(3,760)	-	(3,760)