



ALTIUS MINERALS CORPORATION

**Management's Discussion and Analysis
of Financial Conditions and Results of Operations
Year Ended April 30, 2013**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the year ended April 30, 2013 and related notes. This MD&A has been prepared as of July 4, 2013.

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 mineral resource projects, royalties, and investments. The Corporation pursues these objectives through two complementary business segments.

1) Exploration-Project Generation and Royalty Creation:

Altius conducts early stage low-cost mineral exploration and prospect generation utilizing a team of approximately 10 professional geoscientists and prospectors that create mineral exploration initiatives through concept development and field work. Concepts of merit are advanced through to mineral rights acquisition and are marketed to prospective partners for the purpose of securing third party financing agreements. The Corporation's project portfolio currently consists of approximately 20 projects covering prospective targets for iron ore, uranium, nickel, gold, and other base metals.

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 eleven active exploration agreements with partners on projects located throughout Newfoundland and Labrador and Quebec. The Corporation has also recently expanded its proven project generation business into Chile.

2) Investment and Royalty Acquisition:

Building upon its success in mineral exploration via 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 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") Kami iron ore project in Western Labrador; a 2% GSR on production from Paladin's Central Mineral Belt uranium project, as well as several other 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 25.3% equity interest in Alderon and a 72.8% interest in a company it co-founded in January, 2010, 2260761 Ontario Inc. ("2260761"). 2260761's business plan is to portfolio invest in predominantly early stage companies with a goal of long-term capital appreciation. 2260761 is managed independently by Paul van Eeden, who has a successful track record in

investment in the minerals industry and has also invested his own funds alongside the Corporation in the venture.

The Corporation has over \$272,000,000 in total assets and no debt. Current holdings include \$145,000,000 in cash and highly liquid marketable securities and several mining and mineral related investments with a current carrying value of \$110,000,000.

Operational and Business Overview

The Corporation's net loss attributable to common shareholders for the year ended April 30, 2013 was \$13,339,000 or \$0.47 per share compared to the net loss attributable to common shareholders for the year ended April 30, 2012 was \$4,611,000 or \$0.16 per share. The loss in the current year to date was primarily the result of the Corporation's share of loss in equity investments totaling \$11,735,000 and losses on sales of investment and investment impairment recognition amounts of \$5,467,000. In addition, royalty revenue declined as a result of lower realized prices for nickel and copper and lower one-time revenue compared to the prior year.

During the year, the Corporation commenced operations in Chile through its 49% owned entity, Fondo de Inversion Privado Mining Equity ("Mining Equity"), a Private Chilean entity formed to perform regional early-stage exploration and prospect generation in Chile. Early-stage work included data compilation, mapping, sampling and prospecting in various regions throughout Chile as well as the evaluation of mineral properties held by junior exploration companies and individuals.

The Corporation owns 49% of the Chilean business that will contribute a total of \$7,100,000 into the new business entity at various milestones over a four-year period (Altius has the option to contribute up to \$3,500,000 to maintain its interest). Altius will retain a royalty interest in any acquired projects generated by the venture. In addition to equity financing, \$14,000,000 has been made available in the form of a non-recourse loan from the Chilean Economic Development Agency's ("CORFO") Fenix Mining Exploration Fund that is designed to promote the development of a domestic junior exploration sector in Chile. A Chile-dedicated technical team has been established to operate the business.

In January 2013 Alderon announced the results of its feasibility study of the Kami project (North Rose and Rose Central deposits) by BBA Inc. that indicated an internal rate of return of 29.3% and a net present value of \$3.2 billion discounted at 8%. The projected mine life is expected to be 30 years producing approximately 8 million tonnes of iron concentrate per annum.

On March 15, 2013 Alderon announced that Hebei Iron & Steel Group Co. Ltd. ("Hebei") has contributed the remaining \$119,900,000 of its initial investment in Alderon and that Alderon has contributed the Kami iron ore project to a limited partnership which is owned 25 percent by Hebei and 75 percent by Alderon. Hebei is China's largest steel producer.

This concludes Hebei's initial strategic investment, first announced on April 13, 2012, into both Alderon and its Kami project for an aggregate amount of \$182,200,000, in exchange for 19.9 percent of the outstanding common shares of Alderon (completion announced on Sept. 4, 2012) and

a 25 percent interest in the Kami LP, which was established to own the Kami project. Alderon has the remaining 75-per-cent interest in the Kami LP. Altius owns approximately 25% of the common shares of Alderon and holds a 3% gross sales royalty on the Kami iron ore project.

Hebei will also enter into an offtake agreement to acquire 60% of the first 8 million tonnes of concentrate produced from the mine at near-spot market prices and will contribute its 25% share of the development costs to advance the Kami project to production. Alderon intends to use the proceeds received from the transaction to continue its development of the Kami project and for general corporate purposes.

Alderon is currently finalizing the permitting of the project with a goal of commencing construction in late 2013. Alderon continues to seek additional offtake and overall project financing agreements, and is finalizing rail and power purchase agreements. The Corporation continues to hold 25% of the total outstanding shares of Alderon and a 3% GSR on the Kami project. Alderon's progress is described in greater detail on their website at <http://www.alderonironore.com/>.

The Corporation 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 Corporation's ownership percentage. The total asset values of 2260761 were as follows:

Amounts in thousands of dollars

\$	April 30, 2013	January 31, 2013	October 31, 2012	July 31, 2012	April 30, 2012
Cash and cash equivalents	7,692	9,133	4,415	5,172	6,303
Private and public company investments	17,750	20,563	18,900	17,451	17,580
Total	25,442	29,696	23,315	22,623	23,883
 Total cost base of investment	 33,600	 33,600	 28,000	 28,000	 28,000

The value of the portfolio declined by 14.3% in the fourth quarter of the fiscal year compared to a 20.9% decline in the TSXV over the same period. 2260761 continues to evaluate several investment opportunities and intends to continue with its contrarian investment philosophy throughout the current market downturn. In January 2013 the shareholders of 2260761 invested an additional \$5,600,000 to take advantage of the depressed equity markets in the junior resources sector. The Corporation's share of this investment was \$5,000,000 and its percentage ownership did not change as a result of the transaction.

Outlook

As a result of the ongoing decline in the market based valuations of mineral related assets the Corporation continues to seek out investment opportunities in the industry. Altius has a strong preference for royalty-based financings and/or acquisitions that meet its objectives in terms of value and underlying asset quality.

Despite the current industry downturn, the Corporation remains encouraged by the potential development of certain of Altius' projects in the Labrador West iron ore mining district, and in particular that of Alderon. Alderon is well financed as a result of the recent private placement and the additional investment of \$119,900,000 by Hebei to acquire a 25% direct Kami project interest, which closed on March 15, 2013.

In spite of the many fundamental milestones accomplished by Alderon in the past 12 months, its share price remained depressed. The share price presents a challenge to Alderon, which must finance its equity share of Kami project in the next 18 months in order to meet its planned timeline. Alderon is currently evaluating several alternatives, in addition to conventional equity and debt raisings that are well supported by its financially adept shareholder base.

In October 2012, the Government of Newfoundland and Labrador requested expressions of interest ("EOI") regarding development of a designated Exempt Mineral Land ("EML") in the western Labrador iron ore mining district that contains the Julienne Lake iron ore deposit. Altius has conducted geophysical work and exploration drilling on its adjacent claims that confirms extension of the deposit to the northeast and southwest. On May 31, 2013, the Corporation and its partners submitted a detailed proposal to combine the EML with its surrounding mineral claims to develop the entirety of the deposit as a large and long life mining operation that it believes is superior to any potential competing proposals.

The Corporation will continue to maintain its financial and technical discipline by employing its proven 'prospect generation' model of attracting funding partners to its projects, which has resulted in nearly 60 JV-earn-in/sales and strategic alliance agreements since inception. The Corporation has co-founded and created three successful and profitable special purpose companies ("spin outs") over the Corporation's sixteen year history.

The Corporation continues its efforts to identify additional mineral properties across the commodity spectrum that will attract new investment from both senior mining companies and junior explorers in the form of earn-in agreements and/or alliances. This effort is largely focused in Newfoundland and Labrador, in Quebec through an alliance with Virginia Mines, and in Chile via the CORFO supported alliance.

The Corporation expects royalty revenue from the Voisey's Bay mine in the year ahead to continue at current annualized levels of approximately \$3,000,000 based on current nickel prices and typical production volumes. The Corporation is also encouraged by the recently announced agreement between the Government of Newfoundland and Labrador and Vale Newfoundland and Labrador Limited to develop the underground mine at Voisey's Bay. According to the

announcement, the agreement removes near-term production limitations on the open-pit mine and the development of the underground mine could extend the mine life beyond 2030.

Interest revenue is expected to remain low in the near term as a result of continuing low interest rate conditions. Exploration expenditures are expected to remain at \$2-3 million per year consistent with the Corporation's low cost project generation efforts.

Selected Annual Information

The following data are derived from our consolidated financial statements for the fiscal years ended April 30, 2013, 2012 and 2011 (in thousands, except per share amounts):

	2013	2012	2011
	\$	\$	\$
Revenue	5,865	11,048	5,601
Net earnings	(13,151)	(4,921)	70,600
Net earnings per share			
basic	(0.47)	(0.16)	2.46
diluted	(0.47)	(0.16)	2.43
Total assets	272,840	296,563	313,819
Total liabilities	12,337	14,368	18,779
Cash dividends declared & paid to shareholders	Nil	Nil	Nil

The Corporation receives revenue primarily from investment income and from royalty income from the producing Voisey's Bay mine.

Revenue in 2012 compared to revenue in 2011 increased by approximately \$4,000,000 as a result of the receipt of shares from an earn-in agreement, while revenue in 2013 declined because of lower realized nickel and copper prices affecting the royalty revenue and because of the absence of one-time items as noted in 2012.

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, equity-accounting for certain investments and mineral exploration alliances. Net earnings for 2013 were affected by the Corporation's loss in earnings of associates, namely Alderon, of \$11,735,000 and a loss on disposal of investments and impairment recognition of \$5,467,000. Net earnings for 2012 were affected by the Corporation's loss in earnings of associates of \$6,719,000 and the general decline in the equity markets. Net earnings for 2011 include a pre-tax gain of \$84,675,000 as a result of the vending of the Kami iron ore property to Alderon in exchange for a major equity position in the company.

The Corporation's decline in total assets from 2011 to 2013 reflects the recent decline in some investment valuations, and the share of loss of associates. The Corporation's decline in liabilities

is primarily related to deferred income taxes and changes in tandem with the asset values. The Corporation currently has no debt.

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

Property	Partner	Agreement type	Status
Julienne Lake – iron ore (Western Labrador)	Undisclosed	Alliance	Adjacent to an EML held by the Province of Newfoundland and Labrador. The Julienne Lake iron deposit on government land has a reported resource of 867 Mt at 33.7% iron (Measured + Indicated) and 299 Mt at 34.1% iron (Inferred). Drilling in 2012 by Altius confirmed that the iron ore deposit extends to the northeast and southwest onto the Corporation’s mineral claims. In October 2012, the Government of Newfoundland and Labrador requested expressions of interest (“EOI”) regarding development of the designated EML. In May 2013 the Corporation, with its partners, submitted a detailed proposal to the Province to develop the EML and the adjacent claims held by the Corporation as one combined, larger open-pit operation. The Corporation has no assurance that its proposal will be acceptable.
Labrador West – several iron ore projects (Western Labrador)	Rio Tinto ^a	Earn in (51% to 70%)	Drilling in 2012 resulted in a new iron ore discovery (279 m @29.8% Fe); awaiting confirmation of Rio Tinto’s 2013 program as part of an ongoing second phase earn-in for a 70% interest.
Natashquan – nickel (Central Labrador)	-	-	Finalizing an earn-in/JV agreement with a third party to conduct more advanced exploration work. Staked additional claims recently to secure key land position, which now totals 25,650 hectares.

Property	Partner	Agreement type	Status
Moosehead – gold (Central Newfoundland)	Agnico-Eagle Mines Ltd.	Joint venture (51% Agnico- Eagle)	Seeking a partner to undertake a systematic overburden/stripping and advanced exploration program.
Notakwanon – uranium (Northern Labrador)	-	-	Drill-ready project; seeking partner. No program planned for 2013.
Rocky Brook – uranium (Western Labrador)	Denison Mines ^b	Joint venture (73.4% JNR)	No work planned at present. New owner (Denison) expected to undertake an evaluation.
Saglek – iron ore (Northern Labrador)	Cliffs Natural Resources	Strategic Alliance	Proposed <i>Labrador Inuit Land Use Plan</i> restricts further work in this area; no further work planned at this time pending finalization of the Land Use Plan.
Snelgrove Lake - iron ore (Western Labrador)	Mamba Minerals	Earn-in (100%)	3,000 metre winter 2013 drill program completed with favourable results from both taconite and DSO-type iron ore targets; a 15-hole 4,000-7,000 metre drilling program is anticipated to start in June/July with a focus on the DSO targets.
Topsails – copper- molybdenum (Central Newfoundland)	Denison Mines ^b	Alliance	No work planned at present. New owner (Denison) expected to undertake an evaluation.
Trough Iron - iron ore projects (Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation ^a	Earn-in(100%) and 1% to 4% sliding scale GSR	\$4.3 million of exploration work commitments completed in 2012 and a 2013 program being planned.
Astray – iron ore (Western Labrador)	North Star	Earn-in(100%) and 1% to 4% sliding scale GSR	Winter drill program completed and a follow up program expected to commence mid summer.
Grenville Alliance – Nickel/Copper/PGE (Quebec North Shore and southern Labrador)	Virginia Mines Inc.	Alliance (50/50)	A regional target generation program including various field surveys and prospecting completed in 2012. Results being assessed and 2013 field program will be undertaken.

^a indicates operator

^b recent takeover of JNR Resources

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

Property	Explorer/Developer	Royalty	Status
Kamistiatasset - iron ore (Western Labrador)	Alderon Iron Ore Corp ^a	3% GSR	Feasibility Study released January 2013 - \$3.2B net present value and 29.3% IRR. Permitting ongoing and additional partner funding received in March 2013. Hebei has completed its initial strategic investment in the Kami iron ore project for an aggregate amount of C\$182.2 million. Financing plan, additional offtake, and environmental permitting process underway.
Central Mineral Belt – uranium (Central Labrador)	Paladin Energy Limited ^a	2% GSR	Contained NI-43-101 U ₃ O ₈ resource: 83.8 M lbs Measured and Indicated, and 53.0 million pounds Inferred. Operator completed a 14,000 metre ore delineation drill program in August 2012 and plans further drilling in 2013.
Labrador West - iron ore (Western Labrador)	Rio Tinto Exploration Inc. ^a	3% GSR; 1% buyback	Drilling in 2012 resulted in new iron ore discovery (eg. 279 m @ 29.8% Fe); Awaiting confirmation of Rio Tinto's 2013 program as part of an ongoing second phase earn-in for a 70% interest.
Topsails - copper-molybdenum (Central Newfoundland)	Denison Mines ^b	2% GSR uranium; 2% NSR other	No work planned at present. New owner (Denison) expected to undertake an evaluation.
Viking – gold (Western Newfoundland)	Spruce Ridge Resources Limited ^a	2-4% sliding scale NSR	NI 43-101 Indicated & Inferred resource total of 147,000 ounces of gold.
Snelgrove Lake - iron ore (Western Labrador)	Mamba Minerals	Earn-in (100%) and 3% GSR	3,000 metre winter 2013 drill program completed with favourable results from both taconite and DSO-type iron ore targets; a 15-hole 4,000-7,000 metre drilling program is anticipated to start in June/July with a focus on the DSO targets.

Property	Explorer/Developer	Royalty	Status
Trough Iron - iron ore projects (Grenville, Menihek and Schefferville) (Western Labrador)	Century Iron Mines Corporation ^a	Earn-in (100%) and 1% to 4% sliding scale GSR	\$4.3 million of exploration work commitments completed in 2012 and a 2013 program being planned.
Astray - iron ore (Western Labrador)	Northern Star Minerals ^a	1% to 4% sliding scale GSR	Winter drill program completed and a follow up program expected to commence midsummer.
Various Copper-gold-moly targets (Alaska)	Millrock and various partners	2% NSR on gold; 1% NSR on base metals	Partner- funded drilling programs and Millrock funded early stage exploration on 4 properties subject to a royalty.

^a indicates operator

^b recent takeover of JNR Resources

Results of Operations

Analysis of Results of Operations for the year ending April 30, 2013 compared with the year ending April 30, 2012

The Corporation recorded a net loss attributable to common shareholders of \$13,339,000 for the year ended April 30, 2013 compared to a net loss attributable to common shareholders of \$4,611,000 for the year ended April 30, 2012.

The Corporation recognized total revenue of \$5,865,000 for the year ended April 30, 2013 compared to \$11,048,000 for the same period last year. Royalty revenue from the LNRLP was \$3,136,000 during the year ended April 30, 2013 compared to \$4,115,000 for the same period last year. Royalty revenue was lower because of lower realized nickel and copper prices while the volume of concentrate shipment remained essentially the same.

Interest income of \$2,500,000 was recognized in the year ended April 30, 2013 compared to \$2,722,000 for the year ended April 30, 2012.

Other income of \$229,000 was recognized in the year ended April 30, 2013 compared to \$4,211,000 for the year ended April 30, 2012. The prior year figure was affected by the receipt of 2,000,000 shares from Century Iron Mines Corporation as part of the royalty/earn in agreements worth approximately \$4,000,000.

General and administrative expenses for the year ended April 30, 2013 were \$3,809,000 compared to \$3,731,000 for the prior year. The increase was primarily the result of higher salary costs of \$114,000 and office related expenses of \$93,000 offset by decreased professional and consulting fees of \$117,000 and decreased travel related costs of \$12,000.

Exploration and evaluation assets abandoned or impaired was \$565,000 for the year ended April 30, 2013 compared to \$1,257,000 in the same period last year. The Corporation consolidated some of its mineral claims in Nunavut and the Topsails project based on exploration results in the prior year. Generative exploration (“Genex”) for the year ended April 30, 2013 was \$518,000 compared to \$402,000 in the same period last year. These activities included early stage evaluation of properties not yet acquired.

Share-based compensation for the year ended April 30, 2013 was \$14,000 compared to \$780,000 for the same period last year. The decrease in the current period is the result of the decrease in the Corporation’s share price. The SARs and DSUs obligation and expense are recalculated quarterly with the share price being a significant factor in the calculation.

Amortization for the year ended April 30, 2013 was \$1,229,000 compared to \$1,288,000 for the same period last year. The decrease over the previous year is the result of slightly lower amortization of the royalty interest, which is amortized over the life of the mine on a units of production basis.

Royalty tax for the year ended April 30, 2013 was \$627,000 compared to \$823,000 for the prior year, reflecting the lower gross royalty revenue. The royalty tax is based on 20% of the gross royalty revenue.

The Corporation recorded a loss on the sale of investments of \$1,927,000 for the year ended April 30, 2013 compared to a loss of \$1,157,000 recorded for the same period in the prior year. These disposals in the current year were primarily related to sale of various investments held in 2260761 Ontario Inc. The Corporation also recorded an impairment provision of \$3,540,000 (2012 - \$nil) after a review of the investment portfolio.

An unrealized gain on the fair value adjustment of warrants of \$1,272,000 was recorded for the year ended April 30, 2013 compared to a loss of \$1,894,000 for the same period last year. The warrants are revalued quarterly using a Black–Scholes calculation to determine the estimated market value, including such factors as share price, time to expiry and volatility of the underlying stock.

The Corporation recorded a dilution gain of \$1,717,000 for the year ended April 30, 2013 compared to a dilution gain of \$596,000 for the same period in the previous year. The dilution gains for both years were related to financings by Alderon that were closed at above the Corporation's carrying value. The dilution gain for the current year was primarily related to Alderon's financing arrangements with Hebei and Liberty Metals and Mining described in the *Operational and Business Overview* section of this MD&A.

The share of loss in associates was \$11,735,000 for the year ended April 30, 2013 compared to \$6,719,000 for the prior year. The Corporation holds an approximate 25.3% equity interest in Alderon and recorded \$10,401,000 for its proportionate share of Alderon's net loss for the year ended April 30, 2013 (2012 - \$6,388,000). The Corporation also equity-accounted for its 49% investment in Mining Equity, which is conducting generative exploration work in Chile.

The Corporation recorded an income tax recovery of \$1,959,000 for the year ended April 30, 2013 compared to an income tax recovery of \$1,486,000 for the same period last year. Rates are lower than the statutory rates because of the mix of earnings.

Analysis of Results of Operations for the three month period ending April 30, 2013 compared with the three month period ending April 30, 2012

The Corporation recorded a net loss attributable to common shareholders of \$3,970,000 for the three months ended April 30, 2013 compared to a net loss of \$2,616,000 for the three months ended April 30, 2012. The increase in net loss from the prior three month period resulted primarily from higher share of loss in associates and other investment adjustments.

The Corporation recognized total revenue of \$1,584,000 for the three months ended April 30, 2013 compared to \$1,452,000 for the same period last year. Royalty revenue from the LNRLP was \$891,000 during the three months ended April 30, 2013 compared to \$1,111,000 for the same period last year. Royalty revenue was lower because of lower realized nickel and copper prices while the volume of concentrate shipment remained essentially the same.

Interest income of \$679,000 was recognized in the three month period ended April 30, 2013 compared to \$273,000 for the three month period ended April 30, 2012.

Other income of \$14,000 was recognized in the three month period ended April 30, 2013 compared to \$68,000 for the three month period ended April 30, 2012.

An unrealized gain on derivative financial instruments of \$1,178,000 was recorded for the three months ended April 30, 2013 compared to an unrealized loss on derivative financial instruments of \$500,000 for the three months ended April 30, 2012. The warrants are revalued quarterly using a Black-Scholes calculation to determine the estimated market value, including such factors as share price, time to expiry and volatility of the underlying stock.

The Corporation recorded a loss on dilution of \$21,000 for the year ended April 30, 2013 related to Synodon compared to a dilution gain of \$78,000 for the same period in the previous year related to Alderon.

Exploration and evaluation assets abandoned or impaired was \$425,000 for the three month period ended April 30, 2013 compared to \$56,000 in the same period last year. The Corporation consolidated some of its mineral claims on the Topsails project during the current quarter.

Royalty tax for the three months ended April 30, 2013 was \$178,000 compared to \$222,000 for the prior year, reflecting the lower gross royalty revenue. The royalty tax is based on 20% of the gross royalty revenue.

Share-based compensation for the three months ended April 30, 2013 was a recovery of \$535,000 compared to an expense of \$321,000 for the same period last year. The current period recovery is caused by adjustments to share appreciation rights and deferred share unit expenses because of the decline in the Corporation's share price during the period.

Amortization for the three months ended April 30, 2013 was \$373,000 which was lower than the \$485,000 for the same period last year. The decrease over the previous year is the result of lower amortization of the royalty interest, which is amortized over the life of the mine on a units of production basis.

The Corporation recorded a loss on the sale of investments of \$202,000 for the year ended April 30, 2013 compared to a loss of \$914,000 recorded for the same period in the prior year. These disposals in the current year were primarily related to sale of various investments held in 2260761 Ontario Inc. The Corporation recognized an impairment expense of \$3,540,000 (2012 - \$nil) on the Corporation's available for sale investments.

The share of loss in associates was \$2,036,000 for the three months ended April 30, 2013 compared to \$1,895,000 for the prior year. The share of loss includes the Corporation's share of Alderon's operating loss totaling \$1,607,000 for the period, and other equity-accounted investments.

The Corporation recorded an income tax recovery of \$526,000 for the three months ended April 30, 2013 compared to a recovery of \$1,047,000 for the same period last year. The effective tax rate is lower than the statutory rate for both periods because of capital transactions that are taxed at a lower effective tax rate.

Cash Flows, Liquidity and Capital Resources

Operating Activities

The Corporation received cash from operating activities of \$6,439,000 for the year ended April 30, 2013 compared to a cash outflow of \$8,196,000 for the same period last year. The change from the prior year was primarily due to the net receipt of corporate income taxes of \$5,053,000 in the current period compared to the payment of \$10,358,000 for the same period last year.

The Corporation received cash from operating activities of \$517,000 for the three months ended April 30, 2013 compared to a cash outflow of \$4,300,000 for the same period last year. The change from the prior year was primarily due to the net payment of corporate income taxes of \$336,000 in the current period compared to the receipt of \$5,022,000 for the same period last year.

Financing Activities

The Corporation used cash from financing activities of \$7,996,000 for the year ended April 30, 2013 compared to a use of \$1,545,000 for the year ended April 30, 2012. The Corporation repurchased 777,428 common shares under its normal course issuer bid during the current year at a total cost of \$8,366,000 (2012 – 210,933 shares at a total cost of \$2,299,000).

The Corporation received net proceeds from non-controlling interests of \$348,000 during the current year, including an additional investment in 2260761 of \$600,000. Offsetting this amount, the Corporation's subsidiary paid \$252,000 (2012 - \$288,000) 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. The Corporation received \$22,000 in proceeds from the exercise of employee stock options for the year ended April 30, 2013 compared to proceeds of \$1,042,000 for the same period last year.

The Corporation used cash from financing activities of \$1,719,000 for the three months ended April 30, 2013 compared to a use of \$66,000 for the three months ended April 30, 2012. The Corporation repurchased 147,700 common shares under its normal course issuer bid during the current period at a total cost of \$1,653,000 (2012 – \$nil).

The Corporation's subsidiary paid \$68,000 (2012 - \$65,000) 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. The Corporation received \$2,000 in proceeds from the exercise of employee stock options for the three months ended April 30, 2013 compared to \$nil for the same period last year.

Investing Activities

The Corporation used cash from investing activities of \$18,989,000 for the year ended April 30, 2013 compared to a use of \$4,436,000 for the same period last year.

A portion of the investment activities in the current period included the reallocation from marketable securities to cash totaling \$33,714,000. The Corporation classifies investments as marketable securities if the maturity date at the time of purchase is greater than 3 months and less than twelve 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 \$21,022,000 for the acquisition of investments and warrants for the year ended April 30, 2013 compared to \$20,055,000 in the prior year. The Corporation also received \$7,122,000 in proceeds from the sale of investments compared to \$4,857,000 in the prior year.

In addition, the Corporation used \$253,000 (2012 - \$1,779,000) in net mineral exploration expenditures for the year ended April 30, 2013. The current year activity included a recovery from CIP of exploration costs incurred in a previous period totaling \$735,000 for the Snelgrove Lake project. The Corporation also incurred \$565,000 (2012 - \$402,000) in generative exploration expenditures for the year ended April 30, 2013. Mineral exploration activities are described in greater detail in the *Mineral Exploration Projects Overview* section of this MD&A.

The Corporation received cash from investing activities of \$30,152,000 for the three months ended April 30, 2013 compared to a receipt of cash of \$5,299,000 for the same period last year.

A portion of the investment activities in the current period included the reallocation from marketable securities to cash totaling \$38,116,000. The Corporation classifies investments as marketable securities if the maturity date at the time of purchase is greater than 3 months and less than twelve 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 \$7,745,000 for the acquisition of investments and warrants for the three months ended April 30, 2013 compared to \$7,814,000 in the prior year. The Corporation also received \$203,000 in proceeds from the sale of investments compared to \$1,137,000 in the prior year.

In addition, the Corporation used cash of \$328,000 (2012 - \$728,000) in net mineral exploration expenditures for the three months ended April 30, 2013. The Corporation also incurred \$90,000 (2012 – recovery of \$30,000) in generative exploration expenditures for the three months ended April 30, 2013. Mineral exploration activities are described in greater detail in the *Mineral Exploration Projects Overview* section of this MD&A.

Liquidity

At April 30, 2013, the Corporation had current assets of \$148,098,000 and current liabilities of \$1,945,000 for net working capital of \$146,153,000, 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 revenue 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 is committed under leases on office space, including operating costs, for annual future minimum lease payments as follows:

	\$
2014	188
2015	15
	<hr/> 203 <hr/>

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 \$202,000 by April 30, 2014 in order to maintain all licenses in good standing, of which exploration partners have agreed to spend approximately \$192,000. Exploration expenditures of \$193,000 over the next twelve months are required on certain properties to receive a refund of the total of security deposits in the amount of \$67,000.

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 \$78,000 for the year ended April 30, 2013 (2012 – \$43,000).

During the year ended April 30, 2013, the Corporation's subsidiary, 2260761, paid dividends of \$252,000 (2012 - \$288,000) to a non-controlling interest.

Total salaries and benefits paid to key employees and directors during the year ended April 30, 2013 was \$1,240,000 (2012 - \$1,087,000).

These related party transactions are in the normal course of operations and are measured at fair value, 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.

\$	April 30, 2013	January 31, 2013	October 31, 2012	July 31, 2012
Revenue	1,584	1,366	1,580	1,335
Net earnings (loss) attributable to common shareholders	(3,970)	(3,627)	(2,885)	(2,857)
Net earnings (loss) per share				
- basic	(0.14)	(0.13)	(0.08)	(0.10)
- diluted	(0.14)	(0.13)	(0.08)	(0.10)

\$	April 30, 2012	January 31, 2012	October 31, 2011	July 31, 2011
Revenue	1,452	5,805	1,635	2,156
Net earnings (loss) attributable to common shareholders	(2,616)	2,461	(2,868)	(1,588)
Net earnings (loss) per share				
- basic	(0.09)	0.08	(0.10)	(0.06)
- diluted	(0.09)	0.08	(0.10)	(0.06)

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.

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 and equity accounting of some investments. Recent losses have been caused primarily by a decline in the fair value of investments and the equity accounting of Alderon, whereby the Corporation records its proportionate share of Alderon's operating loss.

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 April 30, 2013 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The 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 year ended April 30, 2013.

There has been no change in the Corporation's internal control over financial reporting during the Corporation's year ended April 30, 2013 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 April 30, 2013 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.

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 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.

The most significant accounting estimate of the Corporation during the current fiscal period was assessment of the Corporation's investment in Alderon. At the reporting date, the fair value of the Alderon shares was \$33,855,000 versus the carrying value of \$68,867,000.

Management reviewed the investment in Alderon for impairment indicators, using the same

criteria as applied to available for sale investments. Impairment losses are recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In particular, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment. If an investment is considered to be impaired, the value of the investment would be reduced to the estimated fair value with the difference going to profit or loss in the period. The evaluation of whether there were impairment indicators present included consideration of a number of factors including an evaluation of the, market, economic and legal environment in which Alderon operates; consideration of whether Alderon was in significant financial difficulty, and considerations relating to the existence of any contractual breaches of Alderon.

Management also considered facts specific the Alderon in determining whether or not an impairment adjustment was warranted. Factors considered included the duration and amount of the decline in the share price of Alderon relative to the carrying value, the implied valuation of the investment based on the recent partnership and off-take agreement between Alderon and Hebei (whereby Hebei purchased 25% of the Kami Project for \$119,900,000), and recent private placements completed by Alderon. The Corporation also assessed the current financial position, and evaluated the expected cash flows of Alderon based on the recently completed Feasibility Study on the Kami project which was filed on January 15, 2013.

Based on the evaluation of the above-noted factors, management has concluded that there are no impairment indicators in respect of our investment in Alderon.

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, aboriginal issues, 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 mine operator to close its operations, thereby eliminating such royalty revenue.

Exposure to Mineral Price Fluctuations

Changes in the market price minerals could significantly impact the Corporation's royalty revenue. The Corporation's financial results are sensitive to external economic criteria related to the mineral prices. A substantial risk of lower royalty payments arises when there is a prolonged period of lower minerals prices. Many factors beyond the Corporation's control influence the market prices of minerals, 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 delayed, 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 underway or under consideration could be at risk.

Although safety and health factors are considered integral to all aspects of the Corporation, mineral exploration is an inherently risky business. In the event of an accident or an unforeseen circumstance, the Corporation has emergency succession plans in place for both the Chair and the CEO of the Corporation as well as for other members of senior management.

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 and cash equivalents 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 July 4, 2013, the Corporation had 27,833,404 common shares outstanding and 518,500 stock options outstanding.