ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis

of Financial Conditions and Results of Operations

Three and Nine Months Ended January 31, 2016

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's condensed consolidated interim financial statements for the nine months ended January 31, 2016 and related notes. This MD&A has been prepared as of March 15, 2016.

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 ("Altius" or the "Corporation") has two key elements to its business model - the building of a diversified portfolio of long-life mine royalties and the generation of high quality exploration projects that it can advance through various types of industry partnerships. Both components recognize the strong inherent cyclicity of valuations within the minerals sector and are managed with contrarian discipline over full-cycle investment timeframes.

Its royalty portfolio includes revenue generating interests in 13 operating mines located throughout Canada which produce copper, zinc, nickel, cobalt, precious metals, potash and thermal (electrical) and metallurgical coal, (see *Appendix 1: Summary of Producing Royalties*). The portfolio also includes numerous pre-development stage royalties covering a wide spectrum of mineral commodities and jurisdictions. Additional information on the status of certain non-producing royalty interests is available in *Appendix 2: Summary of Exploration and Pre-Development Stage Royalties* of this MD&A.

The project generation portfolio is well diversified by commodity and geography and consists of exploration projects from which it seeks to create funding partnerships with other exploration and mining companies while retaining royalties and equity or minority project interests.

Operational and Business Overview

Royalty revenue across the diversified portfolio during the quarter was largely in accordance with budget expectations as US dollar based declines in most commodity prices were offset by Canadian dollar based currency exchange benefits and production shortfalls at some operations were balanced by improvements at others.

Alberta Electrical Coal Royalties
The Corporation receives tonnage based royalties from 4 thermal coal mining operations that provide fuel to 15 individual electricity generating units in Alberta. Lower royalty volumes were noted from 3 of these mines during the quarter and year to date. Production volumes are expected to remain stable at Genesee and to improve at Sheerness due to normal mine sequencing. The recent resumption of production onto royalty lands at Highvale is expected to continue for the foreseeable future while lower production volumes are expected to persist at Paintearth in response to decreased customer demand.

In November of 2015, the newly elected Alberta government announced a goal of accelerating the phase out of its coal fueled electrical generation capacity by 2030. This contrasts with a current federal regulatory condition, which requires individual plants to either close or meet more stringent CO_2 emission standards by the approximate 50^{th} anniversary of original commissioning. Under the existing federal regulatory regime, we had assumed that the majority of these generating units would have already been decommissioned or begun to source coal from non-royalty lands prior to 2030, with revenue related to only 3 generating units at Genesee expected beyond this date.

The Alberta government has not yet provided the details of its accelerated closure objective nor has it released details of how it proposes to compensate stakeholders that will be adversely affected by the accelerated closure goal. Altius will evaluate such proposals as they become available to determine whether the impairment of any post-2030 carrying values assumed under the current federal regulatory framework might be required.

Saskatchewan Potash Royalties
Altius receives revenue from 6 of the 9 currently producing potash mining operations in Saskatchewan. US dollar based declines in potash prices during the quarter and full year were largely offset by Canadian dollar exchange rate declines, and cumulative production volumes at these operations were consistent with seasonally adjusted levels from the prior year.

Individual operational volume expectations in the coming year remain fluid however as operators seek to push production towards their lowest cost mines while also continuing to pursue a long standing strategy of matching supply to global market demand.

Notably, Potash Corporation of Saskatchewan Inc. ("PotashCorp") recently announced plans to place its potash mining operations in the province of New Brunswick, in which Altius has no royalty interest, on indefinite care and maintenance, and to offset the lost production with increased production from its lower cost operations located in Saskatchewan. Altius has royalty exposure to 4 of PotashCorp's Saskatchewan operations, including its lowest cost Rocanville mine, where a doubling of production capacity is nearing completion and volumes are forecast to ramp up significantly over the next two years.

Most of the other Saskatchewan potash mines from which Altius derives royalties have also undergone recent significant capacity additions that it anticipates will eventually be utilized based on long-term global potash consumption growth trend - which is commonly estimated by producers and analysts to be averaging at 2.5% to 3% annually. Our potash royalties are based on mines that have reserve and resource bases that allow for production lives of between 60 and more than 1400 years based upon current production rates and assuming full conversion of all identified potash mineralization to mineable reserve categories.

777 Copper-Zinc-Gold-Silver Royalty
The Corporation receives royalty payments from the HudBay Minerals Inc. ("HudBay") 777 copper-zinc-gold-silver mine in Manitoba. Royalty payments during the past nine months were negatively impacted by lower US dollar based metal prices and a modest production shortfall, partially offset by Canadian dollar exchange rate declines.

Production volumes at 777 were negatively impacted in 2015 by a labour disruption and equipment availability issues, which have since been resolved. HudBay reported significantly higher production in its final quarter of the year while also indicating expectations for improved 2016 ore production and higher zinc and precious metal grades.

Voisey's Bay Nickel-Copper-Cobalt Royalty
At the Voisey's Bay mine, nickel production levels improved moderately while copper production levels were slightly lower than prior year levels. Royalty revenue was negatively affected by significant declines in the US dollar based nickel price that were only partly offset by Canadian dollar exchange rate declines.

The mine is operated by Vale whose board of directors recently approved a significant capital budget to develop a new underground mine at the site. This mine, also located on our royalty lands, should position the project to continue operations until at least 2032. Construction is expected to commence in 2016.

Altius is, through the limited partnership holding the Voisey's Bay royalty, currently party to a lawsuit against Vale which includes assertions that all previous royalty payments made to it have been inadequate on the basis that the sales of material from the mine to other operating subsidiaries of Vale were completed at lower than fair market prices. This represents a transfer pricing arrangement that in our view is not permissible under the royalty agreement.

Vale has also recently advised that it intends to begin deducting capital costs associated with construction of its Long Harbour processing facility against future royalties, which, if effected, would result in a further significant reduction in future payments. Altius disagrees that the net smelter return ("NSR") royalty agreement allows for the deduction of capital related costs against royalty payments and will, through the limited partnership, pursue all legal remedies available to defend its position and its NSR royalty entitlements. No assurance can be given that any amount will be recovered under these claims.

Exploration Project Generation
The Corporation has been very active over the past year assembling a variety of new exploration projects in various globally significant mining jurisdictions, including: Chile, Canada, Ireland, and the United States. The

majority of these interests have been acquired through direct staking initiatives as declining exploration budgets throughout the sector resulted in significant land tenure reductions by competing explorers in the majority of the jurisdictions where we are strategically building mineral land portfolios.

The exploration strategy of the Company continues to be to generate high quality projects across the commodities spectrum that will attract third party funding agreements with the long-term goal of generating low cost royalties and capital gains. Readers are encouraged to visit the corporate website at www.altiusminerals.com to gain added insight into the exploration activities and projects of the Corporation.

Outlook

The Corporation will continue to balance its capital allocation strategy between debt repayment, shareholder capital returns, direct royalty acquisition opportunities and low cost exploration initiatives.

The Corporation expects portfolio royalty revenue to remain stable in the coming quarter. Commodity prices remain relatively weak and currency benefits strong, although both trends have shown modest reversals thus far in the current quarter. Electrical coal royalty revenue is based on a per tonne inflation indexed rate and will not be affected by weak market based thermal coal prices or currency rates although political uncertainty could be a factor in the longer term.

We will continue to evaluate opportunities to add high quality, long life royalties to our portfolio that complement our long-term goal of becoming a substantial diversified metals royalty company. We believe that most commodity prices, particularly in the case of base metals, are below sustainable levels on a long-term basis and that current market conditions are therefore presenting an attractive entry point for royalty investments.

Low-cost exploration and generative activities will also continue to focus on the build-up of high quality projects in globally significant mining jurisdictions. The ongoing underinvestment in global exploration is providing a counter-cyclical opportunity to acquire mineral rights that we believe will become highly sought after as exploration investment rebounds to sustainable levels.

Results of Operations

Tabular amounts are shown in thousands of Canadian dollars.

	Three months ended January 31,			**Nine months ended January 31,**		
	2016	2015	Variance	**2016**	2015	Variance
Attributable revenue	**7,301**	7,583	(282)	**25,620**	21,827	3,793
Adjusted EBITDA	**6,273**	5,200	1,073	**20,143**	17,954	2,189
Net loss attributable to common shareholders	**(16,794)**	(5,701)	(11,093)	**(18,476)**	(39,150)	20,674

Attributable revenue and adjusted EBITDA (see non-IFRS measures) grew on a year to date basis by 17% and 12%, respectively, primarily as a result of the addition of royalty revenue from the 777 mine, which was acquired through the merger with Callinan. Additional information on each specific royalty stream is included in the next table.

The Corporation recorded a net loss attributable to common shareholders of $18,476,000 for the nine months ended January 31, 2016 compared to a net loss of $39,150,000 for the nine months ended January 31, 2015. The current quarter results were negatively affected by non-cash based impairments in the carrying value of certain joint venture royalty holdings, investment in associates and available for sale investments in the amount of $19,468,000.

A summary of the Corporation’s attributable revenue by royalty (in 000’s) is as follows:

	Three months ended January 31,			Nine months ended January 31,		
	2016	2015	Variance	**2016**	2015	Variance
Royalty revenue						
Base metals						
777 Mine	**1,642**	-	1,642	**6,534**	-	6,534
Voisey's Bay	**381**	500	(119)	**1,430**	1,762	(332)
Coal						
Genesee	**1,374**	1,407	(33)	**5,171**	5,487	(316)
Paintearth	**238**	643	(405)	**897**	2,012	(1,115)
Sheerness	**1,013**	2,039	(1,026)	**3,455**	5,108	(1,653)
Highvale	**231**	-	231	**532**	-	532
Cheviot	**356**	373	(17)	**1,228**	1,371	(143)
Potash			-			-
Cory	**199**	257	(58)	**633**	634	(1)
Rocanville	**570**	663	(94)	**1,848**	1,873	(26)
Allan	**143**	178	(35)	**381**	385	(4)
Patience Lake	**72**	132	(60)	**120**	194	(74)
Esterhazy	**283**	357	(75)	**968**	869	99
Vanscoy	**32**	3	29	**110**	53	57
Other			-			
CDP - potash	**193**	255	(62)	**700**	621	79
CDP - other	**242**	363	(121)	**597**	856	(259)
Interest and investment	**332**	68	264	**1,014**	216	798
Other	**1**	345	(344)	**3**	386	(383)
Attributable revenue	**7,301**	7,583	(282)	**25,620**	21,827	3,793

See non-IFRS measures section of this MD&A for definition and reconciliation of attributable revenue

Year to date there was $11,284,000 in total coal royalty revenue generated of which $10,055,000 was 'mine-mouth' tonnage based royalties with no commodity price exposure. The coal royalties performed as expected with the exception of Paintearth, which experienced lower customer demand on two of the relevant generators both on a quarterly and year over year basis.

The Genesee year to date royalty revenues were based upon higher production volumes than for the comparable nine-month period last year, but revenues were lower due to a one-off positive adjustment in the prior period. Production volumes and revenues were consistent on a third quarter comparable basis.

The Sheerness mine had lower royalty tonnes in the three and nine month period than in the prior periods based on normal mine sequencing relative to our royalty lands. The Corporation anticipates production to increase on royalty lands in the coming quarter.

The Highvale mine commenced production on royalty applicable lands in June 2015 and is expected to remain on royalty lands for the forseeable future.

The Cheviot metallurgical coal mine royalty generated slightly lower revenues for the quarter and nine months ended January 31, 2016 driven by comparable sales volumes, lower US dollar based realized prices that were only partly offset by a weaker Canadian dollar.

Year to date and quarterly cumulative potash royalty revenues were similar to those for the prior year comparable period as volumes were slightly lower while US dollar based potash prices were mostly offset by Canadian dollar exchange rate benefits.

The royalty on the 777 Mine operated by HudBay, which pays the Corporation a 4% net smelter royalty ("NSR"), had total revenue of $6,534,000 in the nine-month period. Improved current quarter production and the realization of sales of concentrate inventories related to prior quarter production are expected to positively impact fourth quarter royalty revenues.

The Corporation's share of Voisey's Bay royalty revenue was lower in the three and nine month period compared to the prior period due to significantly lower nickel and copper prices that were only partially offset by the favourable Canadian to US Dollar exchange rate.

CDP revenue of $1,297,000 consisted of potash royalties of $700,000 and other royalties of $597,000 for the current nine-month period.

Interest and investment income was largely related to dividends received from available for sale equity holdings and interest on cash holdings, both of which were in accordance with budget expectations.

Expenses

	Three months ended January 31,			**Nine months ended January 31,**		
	2016	2015	Variance	**2016**	2015	Variance
General and administrative	**469**	1,184	(715)	**4,082**	3,466	616
Share-based compensation (recovery)	**228**	824	(596)	**393**	(1,168)	1,561
Generative exploration	**132**	90	42	**343**	415	(72)
Exploration and evaluation assets abondoned or impaired	**2**	244	(242)	**661**	336	325
Mineral rights and leases	**202**	152	50	**632**	249	383
Interest on long-term debt	**1,328**	2,378	(1,050)	**4,180**	7,687	(3,507)
Amortization	**2,494**	40	2,454	**6,068**	127	5,941
	4,855	4,912	(57)	**16,359**	11,112	5,247

The increase in expenses for the nine months ended January 31, 2016 was primarily related to increased amortization of royalty interests, resulting from the addition of the 777 royalty interest, of $5,697,000. General and administrative expenses in the current quarter and year to date were primarily impacted by changes in professional fees and salary related costs. The prior year costs recorded a partial reversal of a management bonus accrual of $1,375,000. A recovery of $1,168,000 was also recorded in the prior year for share-based compensation compared to an expense of $393,000 in the nine month period. The obligation and expense relating to cash settled share appreciation rights, restricted share units and deferred share units are recalculated quarterly with the share price being a significant factor in the calculation. During the nine month period ended January 31, 2016, the shareholders approved modifications to the Corporation's share based compensation plan to allow for share settlement which will result in reduced volatility on the statement of earnings. Interest on long-term debt has decreased in the current quarter and year to date as a result of decreasing debt levels. During the quarter, the Corporation repaid $2,000,000 on debt, resulting in an ending balance of $68,000,000 before deferred costs.

	Three months ended January 31,			Nine months ended January 31,		
	2016	2015	Variance	**2016**	2015	Variance
Earnings (loss) from joint ventures	**(5,785)**	4,253	(10,038)	**1,119**	12,631	(11,512)
Unrealized gain (loss) on fair value adjustment of derivatives	**129**	(574)	703	**348**	(2,975)	3,323
(Loss) gain on disposal of investments and impairment recognition	**(5,763)**	208	(5,971)	**(5,219)**	(1,305)	(3,914)
Dilution gain on issuance of shares by associates	**-**	89	(89)	**-**	163	(163)
Share of loss and impairment in associates	**(3,780)**	(6,215)	2,435	**(7,067)**	(42,299)	35,232
Income tax expense (recovery)	**(850)**	(272)	(578)	**146**	(3,516)	3,662

Other factors which contributed to the change in the Corporation's earnings are:

- Earnings (loss) from joint ventures has decreased year over year and quarter over quarter as a result of an impairment charge of $8,970,000 recorded on the Paintearth royalty. The impairment of this royalty interest was a result of the sustained reduction in production tonnes at the mine related to lower customer demand at the associated electrical generating station.
- During the three and nine months ended January 31 2016, the Corporation recorded impairment charges of $5,595,000 on certain mining and other investments compared to impairment charges of $1,330,000 and $2,753,000 for the comparable periods, respectively.
- For the nine months ended January 31, 2016, the Corporation recorded a non-cash reduction of $7,067,000 (2015 - $42,299,000) in the carrying value of Alderon Iron Ore Corp. ("Alderon") consisting of equity losses and impairment mainly due to the decreased market value in shares of Alderon.
- Quarterly and year to date earnings were also impacted by increased current income tax expense resulting from higher taxable income on royalty earnings.

Cash Flows, Liquidity and Capital Resources

Summary of Cash Flows	For the nine months ended January 31,	
	2016	2015
	$	$
Operating activities	**(4,428)**	(18,591)
Financing activities	**(13,416)**	27,896
Investing activities	**14,101**	24,744
Net (decrease) increase in cash and cash equivalents	**(3,743)**	34,049
Cash and cash equivalents, beginning of period	**18,543**	6,972
Cash and cash equivalents, end of period	**14,800**	41,021

Operating Activities

For the nine months ended January 31, 2016, there was increased royalty revenue from 777 royalty and lower acquisition related expenses and interest expense as a result of the decreasing debt balance offset by increased income taxes paid.

In the previous nine months, the Corporation repaid a promissory note of $7,200,000 and paid out significant acquisition related expenses.

Financing Activities

The Corporation closed an equity financing in the prior year for net proceeds of $61,144,000 (2016 - $nil).

The Corporation repaid $9,000,000 on long-term debt year to date, $2,000,000 of which was repaid in the current quarter, compared to $33,028,000 in the first nine months of the prior year.

The Corporation paid dividends of $3,594,000 (2015 - $nil) to its shareholders in the nine months ended January 31, 2016 and also repurchased and cancelled 100,000 common shares for a total cost of $822,000 (2015 - $nil) under its normal course issuer bid.

Investing Activities
Net cash received from the Callinan acquisition on May 5, 2015 was $22,654,000 while cash of $21,000,000 was used to complete the acquisition of CDP in the prior year.

Royalty cash flow decreased to $16,754,000 in the current year from $17,240,000 in the prior year because of slightly lower revenues in the current year. The sale of mineral properties in CDP in the current year generated cash of $686,000. The Corporation received $3,832,000 in proceeds from the sale of available for sale investments compared to $5,977,000 for the same period in the prior year.

The Corporation used cash of $26,897,000 for the acquisition of marketable equity securities for the nine months ended January 31, 2016 compared to $2,951,000 in the prior year.

The Corporation received proceeds of $24,571,000 from the partial disposition of its shareholding in Virginia Mines Inc. in the prior year.

Liquidity
At January 31, 2016, the Corporation had current assets of $19,195,000, consisting of $14,800,000 in cash and cash equivalents with the remainder in accounts and income tax receivables, and current liabilities of $8,257,000, including the current portion of long-term debt obligations of $8,000,000. The Corporation's major sources of funding are from royalty revenue, cash receipts from royalty partnership interests, sales of direct and indirect exploration investments, and investment income. In addition, the Corporation partially funds exploration expenditures via third party agreements 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.

Commitments and Contractual Obligations
The Corporation has obtained various mineral rights in Canada and the United States by staking claims and paying refundable security deposits. On these lands, certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, 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 an additional $199,000 by January 31, 2017 in order to maintain various licenses in good standing, of which $126,000 is required to be spent for a refund of security deposits in the amount of $76,000.

The following principal repayments for the Credit Facility are required over the next 5 years. The Corporation made principal repayments of $2,000,000 during the current quarter and $9,000,000 on a year-to-date basis, which consisted of $6,000,000 in required payments and $3,000,000 in discretionary payments.

	$
2016	8,000,000
2017	8,000,000
2018	8,000,000
2019 (maturity)	44,000,000
	68,000,000

Related Party Transactions

The Corporation has a 49% interest in Mining Equity, an investment fund focused on project generation activities and based in Santiago, Chile. This investment is accounted for as a joint venture as disclosed in Note 7 of the condensed consolidated interim financial statements. During the nine months ended January 31, 2016, the Corporation billed Mining Equity for the reimbursement of exploration and consulting assistance totaling $157,000 (2015 - $185,000).

During the nine months ended January 31, 2016, the Corporation paid Alderon, an Associate, $221,000 for investment research related consulting services (2015 - $nil).

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of members of the Corporation's Board of Directors and corporate officers, including the Corporation's Executive Chairman, Chief Executive Officer and Chief Financial Officer, as well as any Vice Presidents reporting directly to a corporate officer.

Total salaries and benefits paid to key management personnel during the nine months ended January 31, 2016 was $1,514,000 (2015 - $1,150,000). Total share based compensation relating to key management personnel during the nine months ended January 31, 2016 was $393,000 (2015 – recovery of $1,168,000). The Corporation issued 149,027 stock options to senior management personnel during the nine months ended January 31, 2016.

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 attributable revenue, adjusted EBITDA, 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 condensed and audited consolidated financial statements.

Amounts in thousands of dollars, except per share amounts

$	January 31, 2016	October 31, 2015	July 31, 2015	April 30, 2015
Attributable revenue (1)	7,301	8,534	9,785	6,981
Adjusted EBITDA (1)	6,273	6,729	7,141	4,927
Net loss attributable to common shareholders	(16,794)	(1,140)	(542)	8,939
Net loss per share - basic and diluted	(0.42)	(0.03)	(0.01)	0.28

$	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014
Attributable revenue (1)	7,583	7,027	7,217	1,235
Adjusted EBITDA (1)	5,200	7,693	5,061	(3,818)
Net loss attributable to common shareholders	(5,701)	(25,348)	(8,102)	(20,540)
Net loss per share - basic and diluted	(0.18)	(0.78)	(0.26)	(0.73)

(1) Non-IFRS measures are reconciled and described in the Non-IFRS Measures section of this MD&A

Earnings are derived primarily from royalty and investment income. Royalty income is contingent on many factors including commodity prices, mine production levels, mine sequencing, maintenance schedules 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 both cash and non-cash gains or losses on the Corporation's investments and mineral exploration alliances and the equity accounting of some investments.

Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The certifying officers have evaluated the effectiveness of the Corporation's internal control over financial reporting as of January 31, 2016 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The condensed consolidated interim financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the condensed consolidated interim financial statements for the nine months ended January 31, 2016 and the consolidated financial statements for the year ended April 30, 2015. There has been no change in the Corporation's internal control over financial reporting during the Corporation's nine months ended January 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of January 31, 2016 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 purchase price allocation of Callinan, rates for amortization of the royalty interests, deferred income taxes, the carrying value and assessment of impairment of investments, the assumptions used in the determination of the fair value of share based compensation and the assumptions used in the determination of the fair value of derivatives for which there is no publicly traded market.

Please refer to the annual financial statements and MD&A for April 30, 2015 for complete disclosures.

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 risk factors. Please refer to the annual financial statements and MD&A for a complete listing of risk factors specific to the Corporation. No additional risks have been identified in the current period, except as noted below.

The Corporation's coal royalty revenue is exposed to uncertainty given the proposal by the Government of Alberta to phase out coal fired power plants by the year 2030. The Corporation receives royalties from four coal fired power plants in Alberta and of these, only the Genesee plant has an expected useful life beyond the proposed 2030 forced closure date. Very few details are available with respect to the forced closure plan at this time and we will continue to assess information and monitor policy as it becomes available.

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. The Corporation does not currently use any hedges.

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included in the annual financial statements and MD&A for April 30, 2015. There have been no changes to these factors during the current period.

Outstanding Share Data

At March 15, 2016, the Corporation had 39,832,102 common shares outstanding and 159,027 stock options outstanding.

Non-IFRS Measures

Attributable royalty and other revenue ("attributable revenue") and adjusted EBITDA are intended to provide additional information only and does not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. For a reconciliation of these measures to various IFRS measures, please see the Corporation's MD&A disclosure below.

(1) Attributable revenue is defined by the Corporation as total revenue from the consolidated financial statements plus the Corporation's proportionate share of gross revenue in the joint ventures. The Corporation's key decision makers use attributable royalty revenue and related attributable royalty expenses as a basis to evaluate the business performance. The attributable royalty revenue amounts, together with amortization of royalty interests, general and administrative costs and mining tax, are not reported gross in the consolidated statement of earnings (loss) since the royalty revenues are being generated in a joint venture and IFRS 11 Joint Arrangements requires net reporting as an equity pick up. The reconciliation to IFRS reports the elimination of the attributable revenues and reconciles to the revenues recognized in the consolidated statements of earnings (loss).

(2) Adjusted EBITDA is defined by the Corporation as net earnings (loss) before taxes, amortization, interest, non-recurring items, non-cash amounts such as impairments, losses and gains, and share based compensation. The Corporation also adjusts earnings in joint ventures to reflect EBITDA on those assets which exclude amortization of royalty interests as well as adjusting for any one time items. Adjusted EBITDA is a useful measure of the performance of our business, especially for demonstrating the impact that EBITDA in joint ventures have on the overall business. Adjusted EBITDA identifies the cash generated in a given period that will be available to fund the Corporation's future operations, growth opportunities, shareholder dividends and to service debt obligations.

Reconciliation to IFRS measures

Attributable revenue	Three months ended			
$	**January 31, 2016**	**October 31, 2015**	**July 31, 2015**	**April 30, 2015**
Royalty revenue				
777	1,642	2,361	2,531	-
Coal	3,212	3,819	4,253	3,911
Potash	1,298	1,258	1,502	1,707
Voisey's Bay	381	372	677	761
CDP	435	406	456	630
Interest and investment	332	316	366	(37)
Other	1	2	-	9
Attributable revenue	**7,301**	**8,534**	**9,785**	**6,981**
Adjust: joint venture revenue	(4,891)	(5,449)	(6,432)	(6,379)
IFRS revenue per consolidated financial statements	2,410	3,085	3,353	602

	Three months ended			
$	**January 31, 2015**	**October 31, 2014**	**July 31, 2014**	**April 30, 2014**
Royalty revenue				
Coal	4,462	4,558	4,958	114
Potash	1,590	1,344	1,074	44
Voisey's Bay	500	683	579	664
CDP	618	355	504	-
Interest and investment	68	68	81	404
Other	345	19	21	9
Attributable revenue	**7,583**	**7,027**	**7,217**	**1,235**
Adjust: joint venture revenue	(6,552)	(6,585)	(6,611)	(822)
IFRS revenue per consolidated financial statements	1,031	442	606	413

Reconciliation to IFRS measures

Adjusted EBITDA	Three months ended			
	January 31, 2016	**October 31, 2015**	**July 31, 2015**	**April 30, 2015**
(Loss) earnings before income taxes	(17,644)	(341)	(345)	9,276
Addback(deduct):				
Amortization	2,494	1,738	1,836	354
Exploration and evaluation assets abandoned or impaired	2	317	342	138
Share based compensation (share settled)	228	(15)	180	-
Interest on long-term debt	1,328	1,405	1,447	2,343
Loss (gain) on disposal of investments & impairment recognition	5,763	(606)	62	(15,636)
Loss on disposal of subsidiary	-	-	-	5,839
Unrealized (gain) loss on fair value adjustment of derivatives	(129)	(219)	-	(435)
Dilution (gain) on issuance of shares by associates	-	-	-	-
Share of loss and impairment in associates	3,780	2,697	590	1,314
Loss (earnings) from joint ventures	5,785	(3,561)	(3,343)	(4,400)
LNRLP EBITDA	265	279	542	590
Prairie Royalties EBITDA	4,401	5,035	5,620	5,544
Callinan related one time costs	-	-	210	-
Adjusted EBITDA	6,273	6,729	7,141	4,927

LNRLP EBITDA				
Revenue	381	372	677	761
Less: mining taxes	(116)	(93)	(135)	(153)
Less: admin charges	-	-	-	(18)
LNRLP Adjusted EBITDA	265	279	542	590

Prairie Royalties EBITDA				
Revenue	4,511	5,079	5,752	5,623
Operating expenses	(110)	(44)	(132)	(79)
Prairie Royalties Adjusted EBITDA	4,401	5,035	5,620	5,544

Reconciliation to IFRS measures

Adjusted EBITDA	Three months ended			
	January 31, 2015	**October 31, 2014**	**July 31, 2014**	**April 30, 2014**
(Loss) earnings before income taxes	(6,120)	(28,083)	(8,615)	(24,287)
Addback(deduct):				
Amortization	40	32	55	18
Exploration and evaluation assets abandoned or impaired	244	92	-	-
Interest on long-term debt	2,378	2,417	2,892	106
Loss (gain) on disposal of investments & impairment recognition	(208)	791	722	2,204
Unrealized loss (gain) on fair value adjustment of derivatives	574	1,102	1,299	2,762
Dilution gain on issuance of shares by associates	(89)	(46)	(28)	-
Share of loss and impairment in associates	6,215	29,543	6,541	14,819
Earnings from joint ventures	(4,253)	(4,310)	(4,068)	(121)
LNRLP EBITDA	359	547	463	531
Prairie Royalties EBITDA	6,060	5,608	5,800	150
Adjusted EBITDA	5,200	7,693	5,061	(3,818)

LNRLP EBITDA				
Revenue	500	683	579	664
Less: mining taxes	(100)	(136)	(116)	(133)
Less: administration charges	(41)	-	-	-
LNRLP Adjusted EBITDA	359	547	463	531

Prairie Royalties EBITDA				
Revenue	6,260	5,849	5,877	150
Operating expenses	(200)	(241)	(77)	-
Prairie Royalties Adjusted EBITDA	6,060	5,608	5,800	150

Appendix 1: Summary of Producing Royalties

Mine	Operator	Royalty Basis	Commodity
777	Hudbay Minerals	4% Net smelter return	Zinc, Copper, Gold & Silver
Genesee	Westmoreland/Capital Power Corporation	Tonnes x indexed multiplier	Coal (Electricity)
Sheerness	Westmoreland/ATCO/TransAlta	Tonnes x indexed multiplier	Coal (Electricity)
Paintearth	Westmoreland/ATCO	Tonnes x indexed multiplier	Coal (Electricity)
Highvale	TransAlta	Tonnes x indexed multiplier	Coal (Electricity)
Cheviot	Teck	2.5% effective net revenue	Metallurgical Coal
Rocanville	Potash Corp	Revenue	Potash
Cory	Potash Corp	Revenue	Potash
Allan	Potash Corp	Revenue	Potash
Patience Lake	Potash Corp	Revenue	Potash
Esterhazy	Mosaic	Revenue	Potash
Vanscoy	Agrium	Revenue	Potash
Voisey's Bay	Vale	0.3% NSR	Nickel, Copper, Cobalt
CDP	Various	Revenue	Potash, other

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

Property	Explorer/Developer	Royalty Basis	Status
Kami - iron ore (Western Labrador)	Alderon Iron Ore Corp	3% GSR	Pre-development; feasibility study
Central Mineral Belt - uranium (Central Labrador)	Paladin Energy Limited	2% GSR	Pre-development; pre-feasibility study
Labrador West - iron ore (Western Labrador)	Rio Tinto Exploration Inc.	3% GSR	Exploration; inactive
Snelgrove Lake - iron ore (Western Labrador)	Champion Iron Ltd. (formerly Mamba Minerals)	Earn-in (100%) and 3% GSR	Exploration; inactive
Astray - iron ore (Western Labrador)	Northern Star Minerals	1% to 4% sliding scale GSR	Exploration; inactive
Viking - gold (Western Newfoundland)	Anaconda Mining Inc.	2% NSR, plus 1-1.5% royalties on surrounding lands	Exploration; active
Telkwa – CDP (British Columbia)	Telkwa Coal Limited (TCL)	Up to 1.5% price based sliding scale GSR	Exploration; pre-feasibility study
Sheerness West - CDP (Alberta)	Westmoreland Coal Company	Tonnes x indexed multiplier	Exploration phase
Iron Horse (Western Labrador)	Sokoman Iron Corp	1% GSR; option to acquire additional 1.1% GSR	Exploration; inactive
Shrule Block, Kingscourt Block, West Cork Block (Republic of Ireland)	Adventus Exploration Ltd.	2% NSR on each Block	Exploration
Various Copper-gold-molybdenum targets (Alaska)	Millrock and various partners	2% NSR on gold; 1% NSR on base metals	Exploration

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

Property	Explorer/Developer	Royalty Basis	Status
War Baby (Manitoba)	HudBay Minerals	Possible to earn up to 3% NSR	Advanced exploration
Gunnison (Arizona)	Excelsior Mining Corp	1.0% GRR; options to acquire additional 1.5% GRR	Pre-feasibility
Golden Shears (Nevada)	Renaissance Gold Inc (JV with Walmer Capital Corp.)	1.5% NSR	Early-stage exploration
Silicon (Nevada)	Renaissance Gold Inc	1.5% NSR	Early-stage exploration
Alvito (Portugal)	Avrupa Minerals Ltd	1.5% NSR	Early-stage exploration
Ely Springs/Jupiter (Nevada)	Kinetic Gold Corp	1.0% NSR	Early-stage exploration
Llano del Nogal (Mexico)	Evrim Resources Corp	1.5% NSR on PM; 1.0% NSR on BM	Early-stage exploration
Storm Claim Group (Quebec)	Northern Shield Resources Inc	Options to acquire 1% royalty on any one project in claim group	Early-stage exploration; inactive
Wallbridge Projects (Ontario)	Wallbridge Mining Company Ltd	Option to acquire up to 2% NSR	Early-stage exploration
Fox River (Manitoba)	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Coles Creek (Manitoba)	Callinex Mines Ltd	Option to acquire 2.5% NSR	Early-Stage Exploration; inactive
Herblet Lake (Manitoba)	Callinex Mines Ltd	Option to acquire 1.25% NSR	Early-stage exploration; inactive
Moak and Norris Lake (Manitoba)	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive

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

Property	Explorer/Developer	Royalty Basis	Status
Island Lake (Manitoba)	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Gurney Gold Claims (Manitoba)	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Pine Bay (Manitoba)	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; active
Copper Range (Michigan)	Bitterroot Resources Ltd.	2% NSR; Option to acquire 1% NSR held by a third party	Early-stage exploration; active
Voyageur Lands (Michigan)	Bitterroot Resources Ltd.	2% NSR	Early-stage exploration; active