ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Financial Statements
For the three months ended
July 31, 2014 and 2013
(Unaudited)

ALTIUS MINERALS CORPORATION

Table of Contents

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Balance Sheets

(Unaudited - In thousands of Canadian dollars)

As at,

	Note #	**July 31, 2014**	April 30, 2014
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	14	**7,912**	6,972
Accounts receivable and prepaid expenses		**2,327**	889
Income taxes receivable		**553**	1,489
		10,792	9,350
Non-current assets			
Royalty interest in mineral properties	6	**26,963**	-
Exploration and evaluation assets	5	**18,166**	2,944
Goodwill	6	**11,130**	-
Property and equipment		**146**	152
Interests in joint ventures	7	**253,752**	274,043
Investments in associates	8	**50,934**	57,487
Mining and other investments	9	**60,793**	58,025
Other assets		**-**	984
Deferred income taxes	10	**6,914**	4,433
		428,798	398,068
TOTAL ASSETS		**439,590**	407,418
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**3,478**	10,647
Income taxes payable		**904**	-
Current portion of debt	11	**8,000**	34,200
Interest payable		-	106
		12,382	44,953
Non-current liabilities			
Other liabilities		**3,876**	3,684
Long-term debt	11	**107,606**	109,568
Deferred income taxes	10	**17,456**	7,198
		141,320	165,403
EQUITY			
Shareholders' equity		**295,280**	238,973
Non-controlling interest		**2,990**	3,042
		298,270	242,015
TOTAL LIABILITIES AND EQUITY		**439,590**	407,418

see accompanying notes to the condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Loss

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

	Note #	Three months ended July 31, 2014	2013
		$	$
Revenue			
Royalty		**504**	-
Interest and investment		**81**	245
Other		**21**	11
		606	256
Expenses			
General and administrative	12	**1,315**	1,378
Share-based compensation		**192**	(43)
Generative exploration		**179**	239
Exploration and evaluation assets abandoned or impaired	5	**-**	18
Mineral rights and leases		**122**	-
Interest on long-term debt		**2,892**	-
Amortization		**55**	14
		4,755	1,606
Loss on disposal of investments and impairment recognition	9	**(722)**	(626)
Unrealized (loss) gain on fair value adjustment of derivatives	9	**(1,299)**	772
Dilution gain on issuance of shares by associates	8	**28**	119
Earnings from joint ventures	7	**4,068**	246
Share of loss and impairment in associates	8	**(6,541)**	(645)
Loss before income taxes		**(8,615)**	(1,484)
Income tax (recovery) expense			
Current		**1,862**	562
Deferred		**(2,342)**	(735)
		(480)	(173)
Net loss		**(8,135)**	(1,311)
Net loss attributable to:			
Common shareholders		**(8,102)**	(1,292)
Non-controlling interest		**(33)**	(19)
		(8,135)	(1,311)
Net loss per share			
- basic and diluted	13	**(0.26)**	(0.05)

see accompanying notes to the condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - In thousands of Canadian dollars)

	Three months ended July 31,	
	2014	2013
	$	$
Net loss	**(8,135)**	(1,311)
Other comprehensive earnings (loss), net of tax		
To be reclassed subsequently to profit or loss:		
Currency translation adjustment (net of income taxes recovery of $5 (2013 - $nil))	**(34)**	-
Net unrealized gain on available-for-sale investments (net of deferred income taxes of $400 (2013 - $208)	**2,942**	1,306
Adjustment for realized gain on available-for-sale investments recognized in net loss (net of deferred income tax recovery of $nil (2013 - $70)	**(2)**	(406)
Total comprehensive loss	**(5,229)**	(411)
Total comprehensive earnings (loss) attributable to:		
Common shareholders	**(5,254)**	(416)
Non-controlling interest	**25**	5
	(5,229)	(411)

see accompanying notes to the condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - In thousands of Canadian dollars)

	Note #	For the three months ended July 31, 2014 $	2013 $
Operating activities			
Net loss		**(8,135)**	(1,311)
Adjustments for:			
Generative exploration		**179**	239
Exploration and evaluation assets abandoned or impaired		**-**	18
Share-based compensation		**192**	(43)
Amortization		**55**	14
Interest accrued on long-term debt		**2,892**	-
Interest paid		**(2,934)**	-
Loss on disposal of investments and impairment recognition		**722**	626
Unrealized loss (gain) on fair value adjustment of derivatives		**1,299**	(772)
Earnings from joint ventures		**(4,068)**	(246)
Share of loss and impairment in associates		**6,541**	645
Dilution gain on issuance of shares by associates		**(28)**	(119)
Income tax recovery		**(480)**	(173)
Income taxes (paid) received		**(21)**	(335)
		(3,786)	(1,457)
Changes in non-cash operating working capital	14	**(7,168)**	261
		(10,954)	(1,196)
Financing activities			
Payments to non-controlling interests		**(77)**	(70)
Proceeds from issuance of shares (net of issuance costs of $3,863)	13	**61,139**	-
Repayment of long term debt	11	**(28,200)**	-
Repurchase of common shares		**-**	(2,225)
		32,862	(2,295)
Investing activities			
Proceeds from sale of investments	9	**7**	247
Distributions received from joint venture	7	**1,883**	715
Acquisition of CDP	6	**(21,000)**	-
Investment in joint venture	7	**(30)**	-
Generative exploration		**(179)**	(239)
Exploration and evaluation assets, net of recoveries	5	**(140)**	(264)
Decrease in marketable securities		**-**	5,887
Acquisition of investments	9	**(1,504)**	(7,386)
Acquisition of property and equipment		**(5)**	(1)
		(20,968)	(1,041)
Net increase (decrease) in cash and cash equivalents		**940**	(4,532)
Cash and cash equivalents, beginning of period		**6,972**	67,806
Cash and cash equivalents, end of period		**7,912**	63,274

Supplemental cash flow information (Note 14)

see accompanying notes to the unaudited condensed consolidated interim financial statements

ALTIUS MINERALS CORPORATION

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

	Common Shares #	Common Shares $	Share-based Payment Reserve $	Accumulated Other Comprehensive (Loss) Earnings $	Retained Earnings $	Total Shareholders' Equity $	Non-controlling interest $	Total Equity $
Balance, April 30, 2013	28,002,804	74,906	3,686	(1,790)	180,932	257,734	2,769	260,503
Net (loss) earnings and comprehensive loss,								
May 1, 2013 to July 31, 2013	-	-	-	876	(1,292)	(416)	5	(411)
Payments to non-controllling interest (net of receipts)	-	-	-	-	-	-	(70)	(70)
Shares repurchased and cancelled	(219,800)	(588)	-	-	(1,637)	(2,225)	-	(2,225)
Shares issued under stock option plan	-	-	11	-	-	11	-	11
Balance, July 31, 2013	27,783,004	74,318	3,697	(914)	178,003	255,104	2,704	257,808
Net loss and comprehensive loss,								
August 1, 2013 to to April 30, 2014	-	-	-	8,605	(21,273)	(12,668)	542	(12,126)
Payments to non-controlling interest	-	-	-	-	-	-	(204)	(204)
Shares repurchased and cancelled	(339,700)	(910)	-	-	(2,822)	(3,732)	-	(3,732)
Share-based compensation	-	-	23	-	-	23	-	23
Shares issued under stock option plan	152,517	879	(633)	-	-	246	-	246
Balance, April 30, 2014	27,595,821	74,287	3,087	7,691	153,908	238,973	3,042	242,015
Net earnings (loss) and comprehensive earnings,								
May 1, 2014 to July 31, 2014	-	-	-	2,848	(8,102)	(5,254)	25	(5,229)
Payments to non-controlling interest	-	-	-	-	-	-	(77)	(77)
Shares issued under offering (Note 13)	4,643,000	65,002	-	-	-	65,002	-	65,002
Share issue costs (Note 13)	-	(3,441)	-	-	-	(3,441)	-	(3,441)
Shares issued under stock option plan	1,508	8	(8)	-	-	-	-	-
Balance, July 31, 2014	**32,240,329**	**135,856**	**3,079**	**10,539**	**145,806**	**295,280**	**2,990**	**298,270**

see accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation ("Altius" or the "Corporation") is a diversified minerals royalty company with royalty interests in 12 producing mines located in Canada. The royalty interests include mining operations that produce thermal (electrical) and metallurgical coal, potash, nickel, copper and cobalt. 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, a 2% GSR on production from Paladin Energy Ltd's Central Mineral Belt uranium project, as well as several other earlier stage royalties.

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

These unaudited condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on September 10, 2014.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as our most recent annual consolidated financial statements, except as noted in Note 4. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for derivative assets and liabilities, and financial assets classified as at fair value through profit or loss, or available-for-sale which are measured at fair value. Additionally, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

3. CRITICAL ACCOUNTING ESTIMATES

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

3. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Corporation's accounting policies, basis of consolidation and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended April 30, 2014 except as noted below.

Royalty interest in mineral properties: The Corporation holds royalty interests in production stage mineral properties. The production stage royalty interests are recorded preliminarily using the fair value assigned to the assets (Note 6) and are being amortized straight line over the useful life or using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization and the assessment of the recoverability of the carrying value of the royalty interest in mineral properties.

Goodwill: Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been preliminarily allocated (Note 6). The value in use calculation requires the Corporation to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Alderon Iron Ore Corporation ("Alderon"): The Corporation acquired its interest in Alderon by vending its Kami mineral property to Alderon in exchange for common shares. The Corporation equity accounts for its investment in Alderon, by virtue of its Board participation right and its ownership interest of 25.3%.

The most significant accounting estimate of the Corporation during the current quarter was the assessment of the Corporation's investment in Alderon. Prior to management's analysis at the reporting date, the market value of the Alderon shares held by the Corporation was $46,345,000 versus the carrying value of $51,378,000 (Note 8).

Management reviewed the investment in Alderon for impairment indicators, using the same criteria as applied to available-for-sale investments. 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 to Alderon in determining whether or not an impairment adjustment was warranted. Factors considered included significant or prolonged decline in the share price of Alderon relative to the carrying value; the implied valuation of the investment based on recent financings. The Corporation also assessed the current financial position, expected financing requirements to commence mine development, and evaluated the expected long-term cash flows of Alderon based on the January 2013 Feasibility Study on the Kami project after consideration of consensus iron ore prices.

Based on the evaluation of the above-noted factors, and in particular the duration and amount of the decline

3. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

in the share price of Alderon relative to the carrying value and combined with reduced iron ore prices, management has concluded that a reduction in the carrying value of Alderon to market value is appropriate at this time. This resulted in an impairment adjustment of $5,033,000 before taxes (Note 8).

4. ACCOUNTING POLICIES AND NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting policies applied in the Corporation's condensed consolidated interim financial statements are consistent with those of the annual audited consolidated financial statements as at and for the year ended April 30, 2014, except as noted below.

Business Combinations

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty interest in mineral properties and exploration and evaluation assets acquired generally require a high degree of judgment, and include estimates of mineral reserves and resources acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Acquisition related costs are recognized in the statements of net loss.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment will be tested annually.

The following standards are effective for annual periods beginning on or after January 1, 2014.

4. ACCOUNTING POLICIES AND NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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

IFRIC 21, Levies: IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

The Corporation has adopted these standards as of May 1, 2014 and has determined that they have no material impact on the Corporation's financial results.

The following standards are effective for annual periods beginning on or after January 1, 2015 or later, with earlier adoption permitted.

IFRS 9 - Financial Instruments - A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement has been issued and is effective for annual period beginning on or after January 1, 2018. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and derecognition. IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before February 1, 2015.

IFRS 11 - Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The standard is effective on or after January 1, 2016 and has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

IFRS 15 - Revenue from Contracts with Customers. This standard is effective from fiscal years beginning on or after January 1, 2017 and provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IAS 16 - Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16). The amendments are effective on or after January 1, 2016 and clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

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

4. ACCOUNTING POLICIES AND NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

IAS 38 - Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 38). The amendments are effective on or after January 1, 2016 and introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated

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

5. EXPLORATION AND EVALUATION ASSETS

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation sells some or a portion of its exploration and evaluation assets to third parties in exchange for exploration expenditures, royalty interests, cash and share based payments. Alliance/earn in agreements that were in existence as at April 30, 2014 are described in greater detail in the consolidated annual financial statements for the year ended April 30, 2014. There have been no new agreements since April 30, 2014.

Project	As at April 30, 2014	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	As at July 31, 2014
	$	$	$	$
Labrador				
Natashquan River - Nickel	513	-	-	**513**
Notakwanon River - Uranium	236	-	-	**236**
Julienne Lake - Iron Ore	1,472	85	-	**1,557**
Other - Uranium/Nickel	42	1	-	**43**
Newfoundland				
Buchans	-	17	-	**17**
Moosehead - Gold	21	-	-	**21**
Taylor Brook - Nickel	268	2	-	**270**
Other	28	-	-	**28**
Quebec				
Fosse Gold	209	9	-	**218**
Grand Portage - Nickel/Copper	130	7	-	**137**
Alberta & Saskatchewan				
Coal & Potash (Note 6)	-	15,000	-	**15,000**
Security Deposits	25	101	-	**126**
Grand Total	**2,944**	**15,222**	**-**	**18,166**

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

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Project	As at April 30, 2013	Additions, net of recoveries	Abandoned or impaired	As at April 30, 2014
	$	$	$	$
Labrador				
Natashquan River - Nickel	521	(8)	-	513
Notakwanon River - Uranium	234	2	-	236
Julienne Lake - Iron Ore	1,158	314	-	1,472
Other - Uranium/Nickel	-	42	-	42
Newfoundland				
Topsails - Uranium/Copper	336	2	(338)	-
Rocky Brook - Uranium	94	3	(97)	-
Moosehead - Gold	21	-	-	21
Taylor Brook - Nickel	263	5	-	268
Other	18	14	(4)	28
Quebec				
Fosse Gold	-	209	-	209
Grand Portage - Nickel/Copper	114	16	-	130
Security Deposits	67	(28)	(14)	25
Grand Total	2,826	571	(453)	2,944

6. ACQUISITION OF CARBON DEVELOPMENT PARTNERSHIP

On December 24, 2013, the Corporation, entered into a definitive agreement (the "Arrangement Agreement") with Sherritt International Corporation ("Sherritt"), Prairie Mines & Royalty Ltd. ("PMRL"), a former wholly-owned subsidiary of Sherritt, and Westmoreland Coal Company ("Westmoreland") pursuant to which the Corporation agreed to acquire a 52.369% interest in the coal and potash PMRL Royalty Business. The Arrangement Agreement also provided for the acquisition of Sherritt's 50% interest in Carbon Development Partnership ("CDP"), an Ontario partnership owned 50% by Sherritt and 50% by the Ontario Teachers' Pension Plan Board ("OTPPB"). The acquisition of the PMRL Royalty Business and the Sherritt CDP interest, collectively the "Royalty Acquisition", closed on April 28, 2014 (the "Royalty Acquisition Closing") for total consideration of $240.9 million and $21 million, respectively.

On May 13, 2014, the Corporation acquired the OTPPB 50% interest in CDP for a purchase price of $21 million. The Corporation thus owns 100% of CDP commencing on May 13, 2014, the acquisition date. As a result, the Corporation has reclassified the investment in joint venture it held in CDP at April 30, 2014 and has accounted for the purchase of CDP in accordance with IFRS 3 Business Combinations. No gain or loss has been recognized as a result of this acquisition being completed in stages.

The unadjusted aggregate purchase price of the acquisition of CDP is $42,000,000 and the Corporation financed the acquisition using part of a senior debt facility, cash on hand and funds raised in an Equity Offering (the "Offering").

The acquisition of CDP included a covenant that on the date of closing, CDP will have zero net working capital, no cash, and no indebtedness. These items have been removed from the opening balance sheet and are reflected as an adjustment in the purchase price allocation.

The net purchase price of the acquisition of CDP, before assumed debt and acquisition costs, has been allocated based on the estimated fair value of the net assets acquired from CDP. A preliminary valuation of $27,000,000 has been allocated to royalty interests in mineral properties and $15,000,000 has been allocated to exploration and evaluation assets on the unaudited condensed interim consolidated balance sheet. The Corporation is completing a comprehensive analysis of all land titles, mineral property interests and lease agreements that have been acquired and as a result the purchase price allocation is preliminary. In addition, $11,130,000 has been recognized as a deferred tax liability as a result of the book value of the assets being in excess of the tax carrying value of the above-noted assets. Goodwill of $11,130,000 was recognized as the difference between the acquisition date fair value of the consideration transferred and the preliminary values assigned to the assets acquired and liabilities assumed. Goodwill is not amortized and is not deductible for tax purposes.

During the current period, royalty revenues of $504,000 (2013 - $nil), general and administrative expenses of $258,000 (2013 - $nil) and amortization of royalty interest of $37,000 (2013- $nil) have been included in the financial results. Transaction costs of $62,000 have been expensed in the current period (April 30, 2014 - $74,000) relating to the acquisition of CDP. This excludes any share issuance costs which are recorded directly against equity (Note 13).

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

6. ACQUISITION OF CARBON DEVELOPMENT PARTNERSHIP (CONTINUED)

Preliminary allocation of estimated net purchase price of CDP

The estimated net purchase price has been allocated to the estimated fair values of CDP net assets and liabilities as at May 13, 2014 in accordance with the purchase method, as follows:

	CDP	Fair Value and Other Adjustments	Net Total
Assets acquired:			
Cash and cash equivalents	$1,591	$(1,591)	$-
Accounts receivable and prepaid expenses	193	(193)	-
Total current assets	1,784	(1,784)	-
Royalty interest in mineral properties	-	27,000	27,000
Exploration and evaluation assets	-	15,000	15,000
Property and equipment	25,534	(25,534)	—
	$27,318	$14,682	$42,000
Liabilities assumed:			
Accounts payable and accrued liabilities	$2,378	(2,378)	$-
Total current liabilities	2,378	(2,378)	-
Other liabilities	556	(556)	-
Deferred taxes	-	11,130	11,130
	$2,934	$8,196	$11,130
Net assets at fair value, as at May 13, 2014			$30,870
Total consideration paid			42,000
Goodwill			$11,130

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

7. INTERESTS IN JOINT VENTURES

	LNRLP	Mining Equity	Prairie Royalties	CDP	Total
	$	$	$	$	$
Balance April 30, 2013	8,892	-	-	-	8,892
Additions	-	742	245,158	21,000	266,900
Earnings (loss)	1,096	(567)	150	7	686
Receipt of distributions	(2,435)	-	-	-	(2,435)
Balance April 30, 2014	7,553	175	245,308	21,007	274,043
Additions	-	-	30	-	30
Earnings (loss)	231	(175)	4,012	-	4,068
Receipt of distributions	(524)	-	(1,359)	-	(1,883)
Reclassification (Note 6)	-	-	-	(21,007)	(21,007)
Recovery of acquisition costs	-	-	(1,499)	-	(1,499)
Balance July 31, 2014	**7,260**	**-**	**246,492**	**-**	**253,752**

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP") a limited partnership that holds a 3% net smelter return royalty in the Voisey's Bay nickel-copper-cobalt mine located in Northeastern Labrador, Canada. LNRLP's sole business is the receipt and distribution of the net smelter return royalty on the mine. Distributions to the partners are normally completed on a quarterly basis. Effective May 1, 2013, the Corporation adopted IFRS 11 and management determined that the partnership is a joint venture. Consequently, the partnership interest is accounted for using the equity method.

On November 12, 2012 the Corporation co-founded Fondo de Inversion Privado Mining Equity ("Mining Equity"), a private Chilean entity established to perform regional early stage exploration and prospect generation in Chile. The Corporation may invest an additional $2,158,000 over a four year period to maintain its 49% ownership interest.

The Corporation holds an indirect 52.369% interest in the Genesee Royalty Limited Partnership ("Genesee LP"), the Coal Royalty Limited Partnership ("Coal LP"), and the Potash Royalty Limited Partnership ("Potash LP"), collectively the "Prairie Royalties LPs". The Prairie Royalties LPs hold the rights to subsurface minerals in respect of a portfolio of coal and potash properties in the Canadian provinces of Alberta and Saskatchewan. The Prairie Royalties LPs have entered into leases, or similar agreements, with mining companies and electricity utilities that, in return for payment of a royalty, grant these companies the right to exploit the subsurface mineral resources. The Corporation acquired the ownership interest in the underlying partnerships effective April 28, 2014 and management determined that the partnerships are joint ventures under IFRS 11. Consequently, the partnerships interests are accounted for using the equity method. Included in the investment is $2,789,000 of acquisition related costs.

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

8. INVESTMENTS IN ASSOCIATES

	Alderon	Sparkfly	Synodon	Total
	$	$	$	$
Balance April 30, 2013	68,867	2,833	1,523	73,223
Additions, net of disposals	-	210	750	960
Share of loss in associates	(2,342)	(571)	(480)	(3,393)
Impairment recognition	(13,935)	-	-	(13,935)
Foreign currency translation adjustment	-	284	-	284
Dilution gain on issuance of shares by associates	-	348	-	348
Balance April 30, 2014	52,590	3,104	1,793	57,487
Additions, net of disposals	-	-	-	-
Share of loss in associates	(1,212)	(173)	(123)	(1,508)
Impairment recognition	(5,033)	-	-	(5,033)
Foreign currency translation adjustment	-	(40)	-	(40)
Dilution gain on issuance of shares by associates	-	28	-	28
Balance July 31, 2014	**46,345**	**2,919**	**1,670**	**50,934**

	Alderon	Sparkfly	Synodon
Fair market value:			
At April 30, 2014:	52,590	n/a	5,540
At July 31, 2014:	**46,345**	**n/a**	**4,432**
Percentage ownership:			
At April 30, 2014:	25.3%	23.9%	22.4%
At July 31, 2014:	**25.3%**	**23.8%**	**22.4%**

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

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

The Corporation currently holds 32,869,006 shares in Alderon or 25.3% (April 2014 - 25.3%) of the total shares outstanding. The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on the Kami property. An impairment of $5,033,000 was recognized in the period ended July 31, 2014.

A subsidiary of the Corporation, 2260761 Ontario Incorporated ("2260761"), holds a 23.8% (April 2014 - 23.9%) interest in Sparkfly Inc. ("Sparkfly"), a private Georgia corporation that operates an innovative promotions and rewards platform integrated with retail point of sale systems.

2260761 also holds a 22.4% (April 2014 – 22.4%) interest in Synodon Inc. ("Synodon"). Synodon is a technology company which has developed an advanced airborne remote gas sensing system called *realSens*, based on technologies developed under the Canadian Space Program and by Synodon scientists.

9. MINING AND OTHER INVESTMENTS

	Investments	Share Purchase Warrants	Total
	$	$	$
Balance, April 30, 2013	36,300	1,321	37,621
Additions	10,296	169	10,465
Reclassification to available - for - sale investments	38	(38)	-
Receipt for interest in mineral property	1,713	-	1,713
Disposals and impairments	(4,298)	(189)	(4,487)
Revaluation	11,342	1,371	12,713
Balance, April 30, 2014	55,391	2,634	58,025
Additions	1,424	80	1,504
Reclassification to available - for - sale investments	66	(66)	-
Disposals and impairments	(763)	(15)	(778)
Revaluation	3,341	(1,299)	2,042
Balance, July 31, 2014	**59,459**	**1,334**	**60,793**

The Corporation holds investments in other publicly listed and privately owned entities participating predominantly in early stage exploration, resource related and technology companies with a goal of long-term capital appreciation, either through direct investment or in exchange for an interest in the Corporation's mineral properties. These investments are classified as available-for-sale. The fair value of the publicly traded entity is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange. The Corporation holds investments in private companies that may become publicly traded in the future pending a public listing. Because there is no readily available market value, the Corporation carries these investments at their original cost until more information becomes available. As at July 31, 2014, the Corporation had investments in privately held

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

9. MINING AND OTHER INVESTMENTS

companies, most of which are in the early stage of exploration, with a carrying value of $1,941,000 (excluding Sparkfly which is equity accounted – See Note 8) (April 30, 2014 - $1,941,000).

The share purchase warrants are considered derivative financial instruments for accounting purposes, and any change in fair value is included in net loss for the year. The fair value of the share purchase warrants is estimated using the Black-Scholes option pricing model, which uses inputs other than quoted market prices to determine the estimated fair market value. The significant assumptions used include estimates of expected volatility, expected life and expected risk-free rate of return.

The Corporation sold investments at a carrying value of $39,000 for gross cash proceeds of $7,000 and non-cash proceeds of $66,000 and recognized a gain on disposal of $34,000 during the three months ended July 31, 2014. The Corporation sold investments at a carrying value of $873,000 for gross proceeds of $247,000 and recognized a loss on disposal of $626,000 during the three months ended July 31, 2013. Included in the July 31, 2014 loss on disposal is an impairment of $756,000 (April 30, 2014 - $2,423,000).

10. INCOME TAXES

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

	July 31, 2014 $	April 30, 2014 $
Temporary differences related to exploration and evaluation assets	**248**	294
Tax values of property and equipment and interests in joint ventures in excess of carrying values	**12**	101
Non capital and net capital loss carryforwards	**3,377**	2,420
Carrying value of investments in excess of tax values	**(6,409)**	(7,181)
Deferred partnership income	**-**	(436)
Deferred and deductible share-based compensation	**1,523**	1,467
Share issue and debt costs	**1,837**	570
Carrying values in excess of tax values on preliminary purchase price allocation of CDP (Note 6)	**(11,130)**	-
	(10,542)	(2,765)

	July 31, 2014 $	April 30, 2013 $
Deferred tax liabilities	**(17,456)**	(7,198)
Deferred tax assets	**6,914**	4,433
	(10,542)	(2,765)

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

11. DEBT

At amortized cost	**July 31, 2014**	April 30, 2014
	$	$
Promissory note	**-**	7,200
Long-term debt	**115,606**	136,568
	115,606	143,768
Current	**8,000**	34,200
Non-current	**107,606**	109,568
	115,606	143,768

On April 28, 2014, the Corporation obtained an unsecured, non-interest bearing, short-term promissory note in the amount of $7,200,000 which was subsequently repaid on May 13, 2014.

On April 28, 2014, the Corporation obtained a senior secured debt facility of $140,000,000 (the "Credit Facility") provided by a consortium of lenders led by Sprott Resource Lending Partnership ("Sprott") to fund the remaining portion of the Royalty Acquisition. The Credit Facility is repayable over a five year period with quarterly principal repayments of $2,000,000, commencing October 31, 2014, bearing interest at fixed rates ranging from 6.5% to 8.85% based on the principal balance of debt.

The Credit Facility allows for optional prepayments of principal at the end of each calendar month. On April 28, 2015, a cash fee of 2% of the principal amount in excess of $80,000,000 will be payable.

The Corporation and its subsidiaries, other than Minera Altius Chile, Limitada, Consultora Altius Chile Limitada and 2260761 Ontario Ltd., act as guarantors under the Credit Facility (the "Credit Parties"). The lenders under the Credit Facility have taken a secured charge against all real property of the Credit Parties and share pledges of all the equity interests in each of the Credit Parties. The terms of the security shall be registered and/or recorded in all jurisdictions required by Sprott.

The Corporation has recorded costs of $3,459,000 that are directly attributable to securing the Credit Facility, against the balance of the debt and will amortize these fees and calculated interest using an effective interest rate of 8.294%. During the period, $65,000 (2013 - $nil) of the costs were recognized in the statement of loss.

There is a required repayment of $60,000,000 on the Credit Facility on or before the second anniversary of the debt, which principal repayment shall be reduced dollar for dollar to the extent that the balance of the debt is less than $140,000,000. On May 13, 2014, $21,000,000 was repaid on the principal balance.

As at July 31, 2014, the Corporation is in compliance with all debt covenants.

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

11. DEBT (CONTINUED)

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

	$
2015	8,000
2016	47,000
2017	8,000
2018	8,000
2019	48,000
	119,000
Less: unamortized debt costs	3,394
	115,606

12. GENERAL AND ADMINISTRATIVE

	Three months ended July 31,	
	2014	2013
	$	$
Salaries and benefits	**531**	634
Office and administrative	**251**	221
Professional and consulting fees	**460**	481
Travel and accommodations	**73**	42
	1,315	1,378

13. SHARE CAPITAL

On May 13, 2014, the Corporation closed an equity financing under a short-form prospectus. The Offering consisted of 4,643,000 common shares (“Common Shares”) of the Corporation at a price of $14.00 per Common Share, for aggregate gross proceeds of $65,002,000. The Common Shares were offered for sale pursuant to an agency agreement (the “Agency Agreement”) dated May 6, 2014 among the Corporation and a various syndicate of agents (the “Agents”). The Corporation has paid the Agents a fee equal to 5.0% of the gross proceeds of the Offering as well as other share issuance costs totaling $4,847,000 ($984,000 of this amount was paid during the year ended April 30, 2014) which are recorded against equity and reported net of deferred tax of $1,406,000.

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

13. SHARE CAPITAL (CONTINUED)

Net loss per share

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

	Three months ended July 31,	
	2014	2013
Weighted average number of shares:		
Basic and diluted	**31,582,860**	27,921,430

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended July 31,	
	2014	2013
	$	$
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	**61**	123
Accounts payable and accrued liabilities	**(7,229)**	138
	(7,168)	261

	2014	2013
	$	$
Cash and cash equivalents consist of:		
Deposits with banks	**7,912**	11,481
Short-term investments	**-**	51,793
	7,912	63,274

Included in accounts receivable and prepaid expenses are non-cash investing amounts of $1,499,000.

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

15. RELATED PARTY TRANSACTIONS

During the three months ended July 31, 2014, the Corporation billed Mining Equity (a joint venture investment – see Note 7) for the reimbursement of exploration and consulting assistance totaling $76,000 (2013-$15,000) which is included in the accounts receivables balance as at July 31, 2014.

During the three months ended July 31, 2014, the Corporation's subsidiary, 2260761, paid dividends of $77,000 (2013 - $70,000) to the non-controlling interest of 2260761, Cranberry Capital Inc.

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 consists of members of the Corporation's Board of Directors and corporate officers, including the Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as well as any Vice Presidents reporting directly to a Corporate officer. Compensation for key management personnel and directors is as follows:

	Three months ended July 31,	
	2014	2013
	$	$
Salaries and benefits	**276**	254
Share-based compensation	**192**	229
	468	483

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return and;

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Level 3 – valuation techniques with significant unobservable market inputs.

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

As at July 31, 2014:

	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Mining and other investments	**57,518**	**1,334**	**-**	**58,852**
TOTAL FINANCIAL ASSETS	**57,518**	**1,334**	**-**	**58,852**
FINANCIAL LIABILITIES	**1,276**	**2,600**	**-**	**3,876**

As at April 30, 2014:	Level 1	Level 2	Level 3	TOTAL
	$	$	$	$
FINANCIAL ASSETS				
Short-term investments in cash equivalents	365	-	-	365
Mining and other investments	53,450	2,634	-	56,084
TOTAL FINANCIAL ASSETS	53,815	2,634	-	56,449
FINANCIAL LIABILITIES	1,251	2,433	-	3,684

Risk Management

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

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted in the April 30, 2014 annual consolidated financial statements.