ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis
of Financial Conditions and Results of Operations
Three months ended July 31, 2017

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, 2017 and related notes. This MD&A has been prepared as of September 14, 2017.

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 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 long-term business strategy - the building of a diversified portfolio of long-life mine royalty/streaming interests and the generation of high quality exploration projects that are converted to royalties and various other types of partner funded interests, particularly including third-party equity holdings. Both business components recognize the inherent cyclicity of valuations and the availability of capital within the minerals sector, and are managed with contrarian discipline over full-cycle investment timeframes.

The Corporation's diversified direct and indirect royalties and streams generate revenue from 15 operating mines located in Canada (14) and Brazil (1), from copper, zinc, nickel, cobalt, potash, iron ore, thermal (electrical) and metallurgical coal and byproduct precious metals (see *Appendix 1: Summary of Producing Royalties and Streaming Interests*). The portfolio also includes numerous pre-production stage royalties covering a wide spectrum of mineral commodities in numerous jurisdictions. Additional information on the status of these royalty interests is available in *Appendix 2: Summary of Exploration and Pre-Development Stage Royalties* of this MD&A.

The Corporation's mineral project generation portfolio is well diversified by commodity and geography, and consists of exploration projects it has generated 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

The Corporation's two business lines performed well in the first quarter ended July 31, 2017 due to continued improvements in the commodity markets. The Royalty business saw commodity price and production volume improvements that resulted in record attributable royalty revenue (see non- IFRS measures) of $15,100,000 (2016 - $8,300,000) for the first quarter ended July 31, 2017. The Project Generation business also benefited from improved market sentiment and capital availability as the Corporation closed another exploration agreement (Newfoundland Regional Gold projects) and is in advanced negotiations on certain other projects. The Corporation's junior equities portfolio continued to perform well and stood at $35,000,000 at quarter end, including the market value of Adventus and Alderon.

Preferred securities

On August 11, 2017 the Corporation closed the second tranche of preferred securities for $25,000,000 with Fairfax Financial Holdings Limited ("Fairfax"). Altius intends to use the additional drawn funds to invest in mining and mining related companies and potentially royalty interests. Under its agreement with Fairfax, Altius may draw down an additional amount of up to $50,000,000 of 5% preferred securities.

Champion

On June 1, 2017 Altius invested $10 million in an unsecured subordinated convertible debenture (the "Debenture") of Champion Iron Limited ("Champion"). The investment is a component of a $40 million debt and equity bridge financing which Champion arranged for its subsidiary Quebec Iron Ore Inc. ("QIO") in connection with the proposed restart of operations at QIO's Bloom Lake Iron Mine ("Bloom Lake") located near Fermont, Quebec. The Debenture is convertible at the option of Altius at any time into Champion common shares at a conversion price of $1.00 per share. If Champion and QIO do not complete a master financing of a minimum of $212 million to finance certain Bloom Lake capital expenditures by November 30, 2017 then the conversion price will be adjusted to the lesser of $1.00 or to the five-day weighted average trading price of the shares on the TSX determined as of the date of conversion. The maximum number of shares that may be issued upon conversion of the Debenture is 50,000,000 with the balance of the unconverted principal amount of the Debenture, if any, to be repaid in cash or converted into a royalty at the option of Champion. If the principal amount is not repaid in full on or before the second anniversary of the Debenture, Altius will have the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on the Bloom Lake project. The Debenture has a term to maturity of 12 months and will bear interest at a rate of 8% payable quarterly. See *Outlook* section for a progress update on Champion.

Royalties

Summary of attributable royalty revenue	**Three months ended July 31,**		
(in thousands of Canadian dollars)	**2017**	2016	Variance
Royalty Revenue			
Base metals			
777 Mine	**3,504**	2,606	898
Chapada	**3,512**	887	2,625
Voisey's Bay	**-**	-	-
Metallurgical Coal			
Cheviot	**652**	331	321
Thermal (Electrical) Coal			
Genesee	**1,634**	1,187	447
Paintearth	**48**	121	(73)
Sheerness	**1,543**	1,066	477
Highvale	**352**	128	224
Potash			
Cory	**127**	117	10
Rocanville	**968**	533	435
Allan	**103**	63	40
Patience Lake	**33**	24	9
Esterhazy	**293**	242	51
Vanscoy	**23**	9	14
CDP - potash	**211**	126	85
Other			
CDP - coal bed methane	**428**	472	(44)
Interest and investment	**1,669**	343	1,326
Attributable royalty revenue	**15,100**	8,255	6,845

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

Summary of attributable production and average prices	Three months ended July 31,			
	2017		2016	
	Tonnes	**Average price (1)**	Tonnes	Average price (1)
Chapada copper (3)	**448**	**$2.69 US / lb**	153	$2.03 US / lb
777 copper (4)	**4,613**	**$2.58 US / lb**	4,560	$2.11 US / lb
777 zinc (4)	**13,119**	**$1.27 US / lb**	11,569	$0.93 US / lb
Potash (5)	**226,254**	**$281 / tonne**	161,087	$244 / tonne
Metallurgical coal (6)	**80,105**	**$214 / tonne**	89,787	$108 / tonne
Thermal (electrical) coal (2), (5)	**986,971**	**N/A**	659,429	N/A

(1) Average prices are in CAD unless noted

(2) Inflationary indexed rates

(3) Copper stream; quantity represents actual physical copper received

(4) 4% NSR; production figures shown represent 100% of production subject to the royalty

(5) Various production royalties; quantities represent tonnes subject to the royalties at each respective mine (royalty tonnes only)

(6) Represents portion of of production at Teck's Cheivot mine subject to the royalty (50%)

Chapada Copper Stream

The increase in Chapada's copper revenue compared to the first quarter of F2017 was mainly a function of Q1 2018 being a full quarter compared to a partial quarter of production, and was also helped by the significant improvement in copper price.

Altius' stream on copper production from Chapada is benefiting from the strong rebound in the price of copper that has occurred since the time of its acquisition last year. Yamana Gold's 2017 production guidance was recently revised up from 110 million to 120 million lbs, or approximately 54,430 tonnes. The mill cleaner circuit expansion is scheduled for commissioning in the last quarter of the calendar year, potentially further improving copper recoveries.

777 Copper-Zinc Royalty

The revenue growth reflects price appreciation of both copper and zinc. Copper and zinc production has increased from the comparative quarter. Zinc production in particular is up by 1,550,000 tonnes, consistent with HudBay Minerals Inc.'s stated objective to prioritize high-grade zinc stopes in 2017 to allow the mine to take advantage of a steadily increasing zinc price over the last twelve months.

Voisey's Bay Nickel-Copper-Cobalt Royalty

Vale is undergoing a review of its underground expansion plan against a backdrop of low nickel prices that prevailed last year but that have started to recover more recently. Altius and its partner, Royal Gold, are advancing a legal claim against Vale that includes assertions that all previous royalty payments have been inadequate as a result of internal transfer pricing below fair market rates and that the capital costs associated with the processing facilities are not acceptable deductions against royalty payments.

During the current fiscal year, the Corporation has recorded legal fees of $172,000 as its share of the legal expense to date. The legal claim is currently in the document production stage.

Saskatchewan Potash Royalties

Altius receives revenue from six producing potash mining operations in Saskatchewan.

In the second calendar quarter of 2017, PotashCorp successfully completed their capacity audit of the Rocanville expansion and results exceeded expectations as nameplate capacity reached 6.5 million tonnes.

This compares to 2.5 million tonnes at the time of our royalty acquisition in 2015. PotashCorp also recently noted that both its global potash sales demand and the average sales price have begun to improve from the 2016 cyclical lows.

Mosaic is in the process of developing mine workings and underground infrastructure as a part of the Esterhazy K3 Expansion Project, having completed shaft sinking earlier this year. The K3 expansion is expected to increase production capacity from 5.45 to 6.36 million tonnes.

The expansion of the Vanscoy potash facility is scheduled to reach commercial production in 2017. The expansion is expected to add approximately 50 percent, or 1 million tonnes, of annual potash capacity to the mine and related processing facilities.

Metallurgical Coal Royalty
The Corporation's royalty on Teck's Cheviot metallurgical coal mine is based upon both sales volumes and realized commodity prices, net of certain costs. The royalty revenue growth of 97% compared to Q1 last year reflects the strong rebound in metallurgical coal prices.

Alberta Electrical Coal Royalties
The Corporation receives tonnage based royalties from four thermal coal mining operations that provide fuel to 15 individual electrical generating units in Alberta. Royalties are calculated based upon production tonnages multiplied by royalty rates that vary both by mine and, in some cases, production areas within individual mines. Royalty rates also adjust annually in accordance with Canadian GDP indices. Although these royalty rates do not fluctuate with spot thermal coal price changes, they do vary from year to year based on mine sequencing. For example, the highest rate royalty lands carry royalties that are four times higher than the lowest rate lands. The revenue guidance published by Altius incorporates these variances as the mine plan and associated royalty lands are both known well in advance. These inflation indexed royalties continue to provide stable royalty revenue; however, recent policy changes by the Government of Alberta threaten to result in their effective expropriation by 2029. The Government of Alberta appears unwilling to engage in cooperative discussions around compensation and we have therefore been forced to begin legal action preparations.

Total production attributable to the Corporation's electrical coal royalties during the first quarter is up 50% or 328,000 tonnes over the comparative quarter whereas the average price per tonne is down slightly due to mine sequencing as a result of increased production on lower rate royalty lands.

Interest and Investment
Altius is a significant shareholder of Labrador Iron Ore Royalty Corp. ("LIORC"), which is a passive and direct pass-through vehicle for royalty and equity entitlements related to the operations of the Iron Ore Company of Canada. As a result of the stronger high-grade iron ore fines prices and pellet premiums, improved production rates attributable royalty revenue at LIORC (and resulting shareholder dividends) is up by $1,100,000 from the prior year.

Pre-Production Royalties
Alderon Iron Ore Corp. continued to bolster their Board of Directors and Management team over the past quarter despite recording a partial impairment on the Kami project. Altius holds a 3% gross sales royalty on the Kami property and is a significant shareholder of Alderon.

On December 6, 2016 Excelsior Mining Corp. ("Excelsior") announced the results of a feasibility study on the North Star Deposit of the Gunnison copper project ("Gunnison"). The project is designed as a copper in-situ recovery mine. Subsequent to quarter end on September 5, 2017 Excelsior announced receipt of a grant letter for its Gunnison copper project's aquifer protection permit (APP) from the Arizona Department of Environmental Quality (ADEQ). The Corporation is a significant shareholder of Excelsior and holds a 1% gross revenue royalty on the Gunnison project as well as a 0.5% gross revenue royalty purchase option for $5,000,000.

On February 28, 2017 Allegiance Coal Limited announced the completion and delivery of a coal marketing and price assessment report for its Telkwa metallurgical coal project. The results of a stage 1 pre-feasibility update was released on August 21, 2017. The study highlights a material reduction in start up capital from $51 million to $36 million while the coking coal prices utilized in the study were significantly below current prices. An updated study in anticipated by September 30, 2017. The Corporation holds a 1.5-3% sliding scale royalty on this project and is a significant shareholder of Allegiance (ASE:AHQ).

Subsequent to quarter end, the Corporation entered into a proposed royalty and equity financing (approximately US$6M royalty and CAD$3.55M equity) with Wolfden Resources ("Wolfden") to enable Wolfden to complete the purchase of the Pickett Mountain high grade copper and zinc VMS project in Maine. The proposed royalty is structured as a 1.35% gross sales royalty for purchase consideration of US$6,000,000, with an option for the Corporation to acquire an additional 0.50% gross sales royalty at any time before the first anniversary of commercial production for US$7,500,000. Interest in the deposit has revived with zinc and copper price appreciation and the opening up of the mine permitting regime under specific prescribed limitations. The proposed transaction is subject to due diligence by the Corporation and is expected to close in October 2017.

Project Generation

The exploration strategy of the Corporation is to generate high quality projects across the commodities spectrum to which it attracts third party funding agreements and result in the vend-out of lands in exchange for retained royalties and equity shareholdings. During the three months ended July 31, 2017, the Project Generation business recorded revenues of $263,000 (2016 - $155,000) relating to third party agreements and management fees.

Gold, Newfoundland

On March 30, 2017 the Corporation completed an agreement to option six projects covering 41,325 hectares located along the projection of the major structural corridor hosting gold mineralization at Antler Gold Inc's ("Antler") Wilding Lake Project and Marathon Gold Corporation's Valentine Lake Project. During the quarter ended July 31, 2017 the Corporation received 980,000 Antler common shares as consideration under the option agreement and will retain a 2% NSR royalties over the vended projects. Antler has committed to fund a minimum of $300,000 in exploration expenditures on the projects within the first 12 months.

Current jurisdictional areas of exposure for the Corporation's project generation efforts include Canada, Ireland, Chile, Finland, the U.S., Australia and a select few other jurisdictions in the Americas and Europe. The majority of the projects within the portfolio have been acquired through low-cost direct staking initiatives. Demand for the Corporation's projects has increased substantially over the past year and continues as junior equity markets have begun to rebound from deep cyclical lows.

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

On June 22, 2017 the Corporation released F2018 attributable royalty revenue guidance of $55,000,000. While Altius' first quarter attributable royalty revenue is $15,100,000 we expect revenue for the reminder of the year to come in line with our initial guidance.

Most base metal and bulk materials commodities, particularly metallurgical coal, copper and zinc, saw meaningful price increases throughout the quarter ended July 31, 2017 which resulted in the growth of royalty revenues from the comparable quarter in 2016.

Potash prices have slightly improved as global producers implement supply side discipline measures such as curtailing production at higher cost operations and shifting to lower cost operations, a trend that is clear in the increased production the Corporation is realizing from three of the six potash mines where Altius has royalties. Longer term forecasts for global potash volume growth requirements remain positive and a shift of volumes to lower cost operations such as Rocanville is expected to be ultimately beneficial to Altius given our weighted exposure to these lower cost operations.

Alberta thermal coal-fired electricity generation demand remains consistent and near capacity at the Genesee and Sheerness facilities while decreased electrical output at higher cost operations such as Paintearth continued to be impacted by weak economic conditions in the province.

Champion has made considerable progress towards completing its master financing, including the announcement of US$180 million in senior and subordinated debt financing, and more recently an unsecured US$30 million convertible loan as part of an offtake agreement. Champion has disclosed it is in the process of finalizing a $20 million equity raise to complete the funding package it deems necessary to restart iron ore production at the Bloom Lake iron project in Labrador.

The Corporation will continue to selectively add high quality, long life royalties or streaming interests to the royalty portfolio. Recently improved broader sector market sentiment has resulted in fewer acquisition and/or financing opportunities available for production stage royalty assets but should result in an improvement in the number of earlier stage projects that come to market for various types of financing.

Improvements in junior equity markets and the resulting access to capital is expected to enable the Corporation to vend-out additional mineral properties to select partners in exchange for equity interests and retained royalties. Altius expects to continue to replenish and grow the investment base through additional vend-out agreements during the 2018 fiscal year and the Corporation is currently in discussions with various parties regarding new vend-out arrangements.

Low-cost exploration and generative activities will continue to focus on the build-up and assembly of high quality projects in globally attractive mining jurisdictions.

Results of Operations

	Three months ended July 31,		
	2017	2016	Variance
Revenue			
Attributable royalty	**15,100**	8,255	6,845
Project generation	**263**	155	108
Attributable revenue*	**15,363**	8,410	6,953
Adjusted EBITDA*	**12,624**	6,403	6,221
Earnings	**4,492**	3,038	1,454
Adjusted operating cash flow*	**8,158**	2,998	5,160

*See non-IFRS measures section for definition and reconciliation

Tabular amounts are shown in thousands of Canadian dollars

Altius had attributable revenue (see non-IFRS measures) of $15,363,000 for the first quarter ended July 31, 2017, an 83% increase from the comparable period in 2016. The increase in attributable revenue was driven by higher 777 mine royalty revenues, particularly related to zinc production, higher volume from the Chapada copper stream, increased potash volumes and prices and improvements in copper and metallurgical coal prices and changes in mine sequencing on the Corporation's thermal coal royalties. In the current year, adjusted EBITDA is impacted by positive changes to revenues and lower costs and expenses. An increase in interest and investment income was largely related to higher dividends received on the Corporation's shares of Labrador Iron Ore Royalty Corporation and interest income on the Champion Debenture.

The Corporation recorded earnings of $4,492,000 or $0.10 per share for the three months ended July 31, 2017 compared to earnings of $3,038,000 or $0.07 per share of $0.07 for the three months ended July 31, 2016. The current quarter was positively impacted by increases in royalty revenues and overall lower costs for the quarter. Adjusted operating cash flow has grown significantly to $8,158,000 from $2,998,000 in the comparative period. This is reflective of the overall growth of the royalty business with commodity price appreciation and increased cash distributions relating to the royalty revenues from the Prairie Royalties joint venture in potash and coal.

Costs and Expenses

	Three months ended July 31,		
	2017	2016	Variance
General and administrative	**1,066**	1,268	(202)
Cost of sales - copper stream	**1,039**	264	775
Share-based compensation	**325**	248	77
Generative exploration	**91**	195	(104)
Exploration and evaluation assets abondoned or impaired	**279**	-	279
Mineral rights and leases	**148**	213	(65)
Amortization and depletion	**4,003**	2,609	1,394
	6,951	4,797	2,154

Tabular amounts are shown in thousands of Canadian dollars

General and administrative expenses in the current quarter decreased from the same period in the prior year due to decreased salaries and benefits as a result of timing of executive bonuses in the prior year offset by increases in professional fees and office related expenses related to ongoing exploration and royalty activities.

The inclusion of the Chapada copper stream resulted in increased amortization and depletion in the current quarter as well as cost of sales, as the comparable period in F2017 was only a partial quarter. Under the terms of the agreement, the Corporation is permitted to purchase 3.7% of the payable copper at the Chapada mine for 30% of the spot price. These increases are directly related to the increases in revenue discussed above.

Mineral rights and leases costs have decreased during the quarter compared to the prior period as a result of the Corporation condensing its mineral land holdings in Alberta, Saskatchewan and British Columbia.

	Three months ended July 31,		
	2017	2016	Variance
Earnings from joint ventures	**3,625**	2,691	934
Gain on disposal of investments	**193**	5,184	(4,991)
Interest on long-term debt	**(1,396)**	(3,450)	2,054
Foreign exchange gain (loss)	**726**	(926)	1,652
Share of loss and impairment in associates	**(685)**	-	(685)
Gain on convertible debenture	**519**	-	519
Income tax expense	**1,126**	252	874

Tabular amounts are shown in thousands of Canadian dollars

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

- Earnings from the Prairie Royalty joint venture were higher for the three months ended July 31, 2017 than the year-ago period as a result of the increased production and related revenues and is further explained in the *Operational and Business Overview* section above.
- Gain on disposal of investment of $193,000 was lower in the current quarter as fewer sales were undertaken.
- Interest on long-term debt was lower in the three months ended July 31, 2017 compared to the same period in the prior year as a result of decreasing debt levels over time. In addition, the prior year expense included a one-time cost of $1,875,000 relating to the retirement of a previous credit facility.
- Foreign exchange gain recorded in the three months ended July 31, 2017 was impacted by a stronger Canadian dollar and related to the revaluation of the USD denominated Revolving Facility compared to a loss for the same period in the prior year.
- The share of loss in associates of $685,000 in the current three month period was higher compared to $nil recorded in the prior year. In the current quarter the Corporation recorded its share of losses related to Alderon Iron Ore Corp. ("Alderon") and Adventus Zinc Corporation ("Adventus").
- An unrealized gain on the fair value of derivative of $519,000 was recorded in relation to the equity conversion option of the Debenture with Champion (2016 - $nil) as described in the *Operational and Business Overview* above.

- The increase in the current year in income tax expense over the prior year is directly related to the increased earnings for the quarter ended July 31, 2017.

Cash Flows, Liquidity and Capital Resources

Summary of Cash Flows	For the three months ended July 31,	
	2017	2016
Operating activities	**2,674**	(1,395)
Financing activities	**(8,808)**	59,518
Investing activities	**(19,921)**	(52,077)
Net increase (decrease) in cash and cash equivalents	**(26,055)**	6,046
Cash and cash equivalents, beginning of period	**34,830**	9,577
Cash and cash equivalents, end of period	**8,775**	15,623

Tabular amounts are shown in thousands of Canadian dollars

Operating Activities

For the three months ended July 31, 2017 as compared to July 31, 2016, there was increased royalty and stream revenue, as described in the *Operational and Business Overview* section above, as well as lower income taxes paid, based on timing of payments, which contributed to the improvement in operating cash flow in the current quarter.

Financing Activities

A total of $5,427,000 (2016 - $12,416,000) was repaid on credit facilities in the three months ended July 31, 2017. Costs on the issuance of preferred securities of $403,000 (2016 - $nil) were also paid during the period, relating to the drawdown of the first $25 million tranche of the Fairfax facility.

The Corporation closed an equity financing in the prior year for net proceeds of $38,008,000, a portion of which was used to pay for the acquisition of the Chapada copper stream. Net proceeds of $101,229,000 were received from new credit facilities. A portion of the new debt proceeds was used to repay the previous credit facility of $66,000,000.

The Corporation paid dividends of $1,300,000 (2016 - $1,303,000) to its shareholders in the three months ended July 31, 2017 and also repurchased and cancelled 153,689 common shares (2016 - nil) for a total cost of $1,678,000 (2016 - $nil) under its normal course issuer bid.

Investing Activities

During the three months ended July 31, 2017 the Corporation invested $10 million in relation to the unsecured subordinated convertible debenture described in the *Operational and Business Overview* above.

Joint venture based royalty cash flow increased to $5,484,000 in the current year from $4,393,000 in the prior year because of higher production and revenues described in the *Operational and Business Overview* above.

The Corporation used $14,457,000 in cash to acquire investments in the three months ended July 31, 2017 compared to $nil for the same period in the prior year, of which $13,200,000 was invested in LIORC.

The Corporation received $9,529,000 in proceeds for the three months ended July 31, 2016 from the sale of available for sale investments, which was used to repay a portion of the New Credit Facilities in the prior year.

Liquidity
At July 31, 2017 the Corporation had current assets of $25,777,000, consisting of $10,641,000 in a convertible debenture, $8,775,000 in cash and cash equivalents and $5,459,000 primarily in accounts receivable and prepaid expenses with the remainder in income taxes receivable, and current liabilities of $15,318,000 including the current portion of long-term debt obligations of $13,000,000. The Corporation has approximately $67,000,000 available on its revolving facility that can be used for future acquisitions. In addition to the revolving facility, Altius has additional liquidity of $50,000,000 related to the undrawn preferred securities with Fairfax after the second drawdown of $25,000,000 on August 11, 2017. Altius is currently considering the use of these funds and plans to invest in mining and mineral and royalty related opportunities. The Corporation's major sources of funding are from royalty and streaming 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, Finland, Australia, Chile, the United States and Ireland 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 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 $603,000 by July 31, 2018 in order to maintain various licenses in good standing.

The following principal repayments for the new credit facilities are required over the next 5 years.

	Term	Revolver	Total
	$	**$**	**$**
2018	13,000,000	-	13,000,000
2019	13,000,000	13,102,000	26,102,000
2020	34,000,000	-	34,000,000
2021	-	-	-
2022	-	-	-
	60,000,000	13,102,000	73,102,000

In addition, the Revolving Facility includes a cash sweep provision that may accelerate some payments. There is no cash sweep required for the current period.

Related Party Transactions

During the three months ended July 31, 2017 the Corporation billed a joint venture $2,000 (2016 - $14,000) and an associate $49,000 (2016 - $nil) for reimbursement of property, exploration, consulting, professional and general administrative expenses.

During the three months ended July 31, 2017 the Corporation paid compensation to key management personnel and directors of $1,497,000 (2016 - $1,096,000) related to salaries and benefits and incurred $325,000 (2016 - $248,000) in share-based compensation costs.

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 two Vice Presidents reporting directly to a corporate officer.

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 would apply to 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

$	July 31, 2017	April 30, 2017	January 31, 2017	October 31, 2016
Attributable revenue (1)	15,363	13,453	14,535	9,964
Adjusted EBITDA (1)	12,624	10,260	11,262	6,786
Net earnings (loss) attributable to equity holders	4,495	(963)	(67,293)	341
Net earnings (loss) per share - basic and diluted	0.10	(0.02)	(1.55)	0.01

$	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
Attributable revenue (1)	8,410	7,465	7,301	8,534
Adjusted EBITDA (1)	6,403	5,356	6,273	6,475
Net earnings (loss) attributable to equity holders	3,049	(19,988)	(16,794)	(1,140)
Net loss per share - basic and diluted	0.07	(0.51)	(0.42)	(0.03)

(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 July 31, 2017, 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 three months ended July 31, 2017. There has been no change in the Corporation's internal control over financial reporting during the Corporation's three months ended July 31, 2017 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 July 31, 2017 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 business combinations, rates for amortization and depletion of the royalty and streaming interests, deferred income taxes, the carrying value and assessment of impairment of mining and other investments, investments in joint ventures and royalty interests, the assumptions used in the determination of the fair value of share based compensation, the assessment of impairment of goodwill and the assumptions used in the determination of the fair value of derivatives for which there is no publicly traded market.

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 the year ended April 30, 2017 for a complete listing of risk factors specific to the Corporation. No additional risks have been identified in the current period.

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 was expected to have a useful life beyond the proposed 2030 forced closure date. See *Operational and Business Overview* for further discussion on the phase out of coal fired electrical generation.

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, 2017. There have been no changes to these factors during the current period.

Outstanding Share Data

At September 14, 2017 the Corporation had 43,187,291 common shares outstanding, 7,070,000 warrants outstanding and 465,323 stock options outstanding.

Under the Corporation's Normal Course Issuer Bid "(NCIB") which commenced August 22, 2016 and concluded August 21, 2017, the Corporation could purchase, at market price, up to 2,171,282 common shares which represented approximately 5% of its 43,425,654 outstanding shares as of August 11, 2016. During the three months ended July 31, 2017 the Corporation repurchased and cancelled 153,689 common shares for a total cost of $1,678,000 (2016- $nil). Subsequent to the quarter the Corporation repurchased and cancelled an additional 21,000 common shares for a total of 174,689 common shares in the current fiscal year. 90,000 common shares were repurchased and cancelled in the year ended April 30, 2017 for a total of 264,689 common shares being repurchased and cancelled under the NCIB.

Subsequent to the quarter, the Corporation renewed its NCIB which commenced August 22, 2017 and will end no later than August 21, 2018. The Corporation may purchase at market price up to 2,038,535 common shares representing approximately 4.7% of its 43,208,291 outstanding as of August 11, 2017. There have been no shares repurchased under the newly issued NCIB.

Non-IFRS Measures

Attributable royalty and other revenue ("attributable revenue") adjusted EBITDA and adjusted operating cash flow 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. Tabular amounts are presented in thousands of Canadian dollars.

(1) Attributable revenue is defined by the Corporation as total revenue from the consolidated financial statements plus the Corporation's proportionate share of gross royalty 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 operating cash flow is defined as cash provided (used) in operations adjusted for inclusion of the cash distributions received from joint ventures. Adjusted operating cash flow is a useful measure to assess the ability of the Corporation to generate cash from its operations.

(3) 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.

Attributable revenue		**Three months ended**		
$	**July 31, 2017**	**April 30, 2017**	**January 31, 2017**	**October 31, 2016**
Revenue				
Attributable royalty	15,100	13,378	14,481	9,914
Project generation	263	75	54	50
Attributable revenue	15,363	13,453	14,535	9,964
Adjust: joint venture revenue	(5,776)	(5,811)	(7,032)	(4,501)
IFRS revenue per consolidated financial statements	9,587	7,642	7,503	5,463

		Three months ended		
$	**July 31, 2016**	**April 30, 2016**	**January 31, 2016**	**October 31, 2015**
Revenue				
Attributable royalty	8,255	7,465	7,301	8,532
Project generation	155	-	-	2
Attributable revenue	8,410	7,465	7,301	8,534
Adjust: joint venture revenue	(3,822)	(5,110)	(4,891)	(5,449)
IFRS revenue per consolidated financial statements	4,588	2,355	2,410	3,085

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Adjusted operating cash flow	Three months ended			
$	July 31, 2017	April 30, 2017	January 31, 2017	October 31, 2016
Adjusted operating cash flow	8,158	6,965	11,179	5,104
Adjust: distributions from joint ventures	(5,484)	(5,866)	(6,193)	(3,559)
IFRS operating cash flows	2,674	1,099	4,986	1,545

	Three months ended			
$	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
Adjusted operating cash flow	2,998	3,113	4,309	4,198
Adjust: distributions from joint ventures	(4,393)	(5,148)	(4,793)	(5,619)
IFRS operating cash flows per the consolidated financial statemer	(1,395)	(2,035)	(484)	(1,421)

Adjusted EBITDA (*)	Three months ended			
	July 31, 2017	April 30, 2017	January 31, 2017	October 31, 2016
Earnings (loss) before income taxes	5,618	(100)	(65,969)	630
Addback(deduct):				
Amortization and depletion	4,003	2,922	3,169	2,931
Exploration and evaluation assets abandoned or impaired	279	2,112	2,000	-
Share based compensation	325	196	239	375
Interest on long-term debt	1,396	1,363	1,422	1,479
Loss (gain) on disposal of investments & impairment recognition	(193)	(577)	(232)	(357)
Dilution (gain) on issuance of shares by associates	-	(196)	(566)	-
Share of loss and impairment in associates	685	2,106	95	-
(Earnings) loss from joint ventures	(3,625)	(3,417)	67,226	(3,064)
LNRLP EBITDA	(172)	(365)	-	-
Prairie Royalties EBITDA	5,553	5,650	6,852	4,348
Impairment of goodwill	-	-	-	-
Foreign currency loss	(726)	546	(317)	444
Unrealized (gain) loss on fair value adjustment of derivatives	(519)	-	-	-
Gain on disposal of mineral property	-	-	(2,657)	-
Adjusted EBITDA	12,624	10,240	11,262	6,786
LNRLP EBITDA				
Revenue	-	-	-	-
Less: admin charges	(172)	(365)	-	-
LNRLP Adjusted EBITDA	(172)	(365)	-	-
Prairie Royalties EBITDA				
Revenue	5,776	5,811	7,032	4,501
Operating expenses	(223)	(161)	(180)	(153)
Prairie Royalties Adjusted EBITDA	5,553	5,650	6,852	4,348

Adjusted EBITDA (*)

	Three months ended			
	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
(Loss) earnings before income taxes	3,290	(21,550)	(17,644)	(341)
Addback(deduct):				
Amortization	2,609	2,342	2,494	1,738
Share based compensation	-	188	228	(269)
Exploration and evaluation assets abandoned or impaired	248	5,062	2	317
Interest on long-term debt	3,450	1,260	1,328	1,405
Loss (gain) on disposal of investments & impairment recognition	(5,184)	(506)	5,763	(606)
Unrealized (gain) loss on fair value adjustment of derivatives	-	-	(129)	(219)
Share of loss and impairment in associates	-	-	3,780	2,697
Loss (earnings) from joint ventures	(2,691)	(3,433)	5,785	(3,561)
Impairment of goodwill	-	16,402	-	-
Foreign currency loss	926	513	-	-
LNRLP EBITDA	-	-	265	279
Prairie Royalties EBITDA	3,755	5,078	4,401	5,035
Callinan related one time costs	-	-	-	-
Adjusted EBITDA	6,403	5,356	6,273	6,475
LNRLP EBITDA				
Revenue	-	-	381	372
Less: mining taxes	-	-	(116)	(93)
Less: admin charges			-	-
LNRLP Adjusted EBITDA	-	-	265	279
Prairie Royalties EBITDA				
Revenue	3,824	5,109	4,511	5,079
Operating expenses	(67)	(31)	(110)	(44)
Prairie Royalties Adjusted EBITDA	3,757	5,078	4,401	5,035

** updated calculation to reflect segmented reporting in Q1 2017*

Appendix 1: Summary of Producing Royalties and Streaming Interests

Mine	Primary Commodity	Operator	Revenue Basis
Chapada	Copper	Yamana Gold	3.7% of payable copper stream
777	Zinc, Copper, Gold & Silver	Hudbay Minerals	4% Net smelter return ("NSR")
Genesee	Coal (Electricity)	Westmoreland/Capital Power Corporation	Tonnes x indexed multiplier
Sheerness	Coal (Electricity)	Westmoreland/ATCO/TransAlta	Tonnes x indexed multiplier
Paintearth	Coal (Electricity)	Westmoreland/ATCO	Tonnes x indexed multiplier
Highvale	Coal (Electricity)	TransAlta	Tonnes x indexed multiplier
Cheviot	Metallurgical Coal	Teck	2.5% effective net revenue
Rocanville	Potash	Potash Corp	Revenue
Cory	Potash	Potash Corp	Revenue
Allan	Potash	Potash Corp	Revenue
Patience Lake	Potash	Potash Corp	Revenue
Esterhazy	Potash	Mosaic	Revenue
Vanscoy	Potash	Agrium	Revenue
Voisey's Bay	Nickel, Copper, Cobalt	Vale	0.3% NSR
IOC	Iron	Iron Ore Company of Canada	Gross Overriding Royalty ("GOR")*
Carbon Development	Potash, other	Various	Revenue

* Held indirectly through common shares of Labrador Iron Ore Royalty Corporation

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

PRE-FEASIBILTY/FEASIBILITY

Property	Primary Commodity	Explorer/Developer	Royalty Basis	Status
Gunnison (Arizona)	Copper	Excelsior Mining Corp	1.0% GRR; options to acquire additional 0.5% GRR	Feasibility completed; permitting underway
Kami - iron ore (Western Labrador)	Iron	Alderon Iron Ore Corp	3% GSR	Re-scoped in 2017; PEA Completed
Telkwa – CDP (British Columbia)	Met Coal	Telkwa Coal Limited (TCL)	1.5%-3% price based sliding scale GSR	Pre-feasibility

ADVANCED EXPLORATION

Property	Primary Commodity	Explorer/Developer	Royalty Basis	Status
Viking - gold (Western Newfoundland)	Gold	Anaconda Mining Inc.	2% NSR, plus 1-1.5% royalties on surrounding lands	Advanced Exploration
Central Mineral Belt - uranium (Central Labrador)	Uranium	Paladin Energy Limited	2% GSR	Advanced Exploration; inactive

EXPLORATION

Property	Primary Commodity	Explorer/Developer	Royalty Basis	Status
Golden Shears (Nevada)	Gold	Renaissance Gold Inc	1.5% NSR	Early-stage exploration
Silicon (Nevada)	Gold	Renaissance Gold Inc	1.5% NSR	Early-stage exploration
Alvito (Portugal)	Copper	Avrupa Minerals Ltd (JV with OZ Exploration Ptv. Ltd.)	1.5% NSR	Early-stage exploration
Ely Springs/Jupiter (Nevada)	Gold	Renaissance Gold Inc	1.0% NSR	Early-stage exploration
Llano del Nogal (Mexico)	Copper	Evrim Resources Corp	1.5% NSR on PM; 1.0% NSR on BM	Early-stage exploration
Wallbridge Projects (Ontario)	Nickel	Wallbridge Mining Company Ltd	Option to acquire up to 2% NSR	Early-stage exploration
Pine Bay (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; active

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

EXPLORATION

Property	Primary Commodity	Explorer/Developer	Royalty Basis	Status
Voyageur Lands (Michigan)	Nickel	N/A	2% NSR	Early-stage exploration; active
Loro en el Hombro, Morsas, and Culebra, Anaconda projects (Chile)	Copper	Revelo Resources Corp.	0.98% NSR on gold, 0.49% NSR on base metals	Early-stage exploration; active
Fox River (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Herblet Lake (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1.25% NSR	Early-stage exploration; inactive
Island Lake (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Pine Lake (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Copper Range (Michigan)	Copper	N/A	Option to acquire 1% NSR held by a third party	Early-stage exploration; active
Coles Creek (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 2.5% NSR	Early-Stage Exploration; inactive
Moak and Norris Lake (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Gurney Gold Claims (Manitoba)	Copper	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive
Gurney Gold Claims (Manitoba)	Gold	Callinex Mines Ltd	Option to acquire 1% NSR	Early-stage exploration; inactive

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

EXPLORATION

Property	**Primary Commodity**	**Explorer/Developer**	**Royalty Basis**	**Status**
Shrule, Kingscourt, Rathkeale, Lismore, Fermoy, Gaine River, Mayvore Projects (Republic of Ireland)	Zinc	Adventus Zinc Corporation	2% NSR on each Project	Exploration
West Cork (Republic of Ireland)	Copper	First Quantum	2% NSR	Exploration
Buchans, Katie, La Poile Projects (Newfoundland, Canada)	Zinc	Adventus Zinc Corporation	2% NSR on each Project	Exploration
Stellar (Alaska)	Copper	Millrock and various partners	2% NSR on gold; 1% NSR on base metals	Exploration
Sheerness West - CDP (Alberta)	Thermal Coal	Westmoreland Coal Company	Tonnes x indexed multiplier	Exploration
Labrador West - iron ore (Western Labrador)	Iron	Rio Tinto Exploration Inc.	3% GSR	Exploration; inactive
Wilding Lake (Newfoundland)	Gold	Antler Gold Inc.	0.5% NSR with option to purchase up to 1.0% for $500,000	Exploration
Noel Paul (Newfoundland)	Gold	Antler Gold Inc.	0.5% NSR with option to purchase up to 1.0% for $1,000,000	Exploration
Crystal Lake, Island K, Victoria Lake, Victoria River, Intersection, Cape Ray	Gold	Antler Gold Inc.	2.0% NSR	Exploration
Iron Horse (Western Labrador)	Iron	Sokoman Iron Corp	1% GSR; option to acquire additional 1.1% GSR	Exploration; inactive
Vidalita, Jotahues (Chile)	Gold	Emu NL	0.49% NSR	Exploration
Gibson (British Columbia)	Gold	Canex Metals Inc.	option to acquire a 1.5% NSR	Exploration
Moria (Quebec)	Nickel	Midland Exploration Inc	1% NSR	Exploration
O'Connor (Quebec)	Zinc	Midland Exploration Inc	1% NSR	Exploration