



# ALTIUS MINERALS CORPORATION

**Management's Discussion and Analysis  
of Financial Conditions and Results of Operations  
Year Ended April 30, 2010**

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the period ended April 30, 2010 and related notes. This MD&A has been prepared as of **June 29, 2010**.*

*Management's discussion and analysis of financial condition and results of operations contains forward-looking statements. By their nature, these statements involve risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*Additional information regarding the Corporation, including copies of the Corporation's continuous disclosure materials is available on the Corporation's website at [www.altiusminerals.com](http://www.altiusminerals.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com).*

## Description of Business

Altius Minerals Corporation's (the "Corporation") principal business activities are focused on the generation and acquisition of natural resource projects and royalties. The Corporation prefers to generate alliances or corporate structures related to the mineral exploration opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests.

The Corporation has no debt and current holdings include highly liquid government guaranteed and investment grade corporate instruments, cash and marketable securities of approximately \$167,000,000, various mineral properties, exploration stage royalty interests, and a 10% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP"), which holds a 3.0% production stage net smelter return royalty interest in the Voisey's Bay nickel-copper-cobalt project in Labrador. The Corporation holds investments in mining and mineral related companies through direct investment and through the vending of earn-in agreements on its mineral exploration properties, with an approximate market value of \$31,000,000, including 529,297 exchangeable shares in RG Exchange Co Inc. recently received from the IRC transaction (see below). The Corporation holds 12,000,000 shares that currently represents a 12.6% interest in Rambler Metals and Mining plc ("Rambler"), which is carrying out advanced exploration and mine development assessment of the past producing Ming copper - gold deposits, located near Baie Verte, Newfoundland and Labrador. In addition, the Corporation holds a 39.6% interest in Newfoundland and Labrador Refining Corporation ("NLRC"), which is currently operating under an approved proposal to sell assets or obtain financing for its proposed 300,000 barrel per day oil refinery project.

## Operational and Business Overview

The Corporation's net earnings for the year ended April 30, 2010 were \$20,963,000 or \$0.73 per share. The current year's earnings included a pre-tax gain of \$28,413,000 recorded on the sale of the Corporation's interest in International Royalty Corporation ("IRC")

The Corporation supported the Royal Gold Inc. ("Royal Gold") proposal to acquire all of the shares of IRC in exchange for a combination of cash plus shares. As a result of the closing of this transaction, the Corporation received proceeds with a market value of \$63,132,000 including cash of \$37,520,000 and 529,297 exchangeable shares in RG Exchange Co Inc. The exchangeable shares have all the rights of Royal Gold common shares and are convertible into Royal Gold common shares at the option of the holder. Additional information on this transaction is detailed in the *Investments Overview* section of this MD&A.

The Corporation entered into an agreement with a private company in November 2009 regarding its Kamistiatusset iron ore project in western Labrador, Canada. A primary condition of the agreement was that the private company form a new public company ("Newco") that will focus on the western Labrador iron ore mining district of Canada. In December, the agreement was transferred to Alderon Resources Inc. ("Alderon"), a publicly traded company listed on the TSX

Venture exchange. Under the terms of the agreement, Alderon must incur exploration expenditures totaling \$5,000,000 over a two-year period and must meet certain financing conditions to earn 100% of the Kamistaitusset iron ore property. In exchange for the transfer, the Corporation will retain a 3% gross sales royalty and will receive approximately 32 million common shares of Alderon, representing a 46% interest in Alderon. The agreement remains in good standing and all of the financing requirements have been met. Alderon recently announced the commencement of a 20,000 metre drill program to further evaluate the resource potential.

The Corporation's mineral exploration activity focused on generative exploration work in several regions. Numerous exploration programs for gold, nickel, copper, uranium and iron ore in Newfoundland and Labrador and reconnaissance exploration in Nunavut and Quebec will be completed during 2010. The Corporation's goal is to develop new exploration projects for subsequent third party funding agreements consistent with the Corporation's exploration and royalty creation strategy.

Additional information on the exploration activities of the Corporation and its alliance partners is outlined in the *Mineral Properties Overview* section of this MD&A.

On November 20, 2009 the Supreme Court of Newfoundland and Labrador accepted NLRC's proposal to creditors to sell or finance its planned 300,000 barrel per day oil refinery project during a standstill period and dismissed all further requests for creditor's claim adjustments for voting purposes. NLRC now has approximately 2 years to sell or finance its oil refinery project interest to satisfy all creditors' claims. The Corporation is a 39.6% equity holder of NLRC and is also a secured creditor. The Corporation intends to continue to hold its investment in and receivable from NLRC at \$nil because of the high level of project development uncertainty.

Rambler continued to make progress towards its goal of mine development and production at its copper-gold deposits during the current fiscal year. During the current fiscal year, Rambler acquired the Nugget Pond processing facility and obtained the required approvals to add a copper circuit to the facility so that it could process ore from proposed operation at the former Ming mine. Rambler also obtained approximately \$13,700,000 in equity financing and entered into a \$U.S. 20,000,000 off-take agreement to help finance the project. Subsequent to year end Rambler also received its final environmental approval and project release from the Newfoundland and Labrador government for its proposed mining and milling of the Ming copper-gold deposits at the Nugget Pond facility. The project feasibility study is currently underway and is expected to be completed in the coming quarter.

Further details on Rambler and NLRC are available in the *Investments Overview* section of this MD&A.

## **Outlook**

As a result of the sale of its investment in IRC, the Corporation's cash and marketable securities at April 30<sup>th</sup> 2010 increased to approximately \$167,000,000 and its mining and minerals related investment balance increased to approximately \$31,000,000. The Corporation intends to

continue to evaluate various investments, including high quality mineral royalties and direct investments in companies where the Corporation believes value accretion can be realized in the near term.

Valuations of quality generative exploration opportunities remain attractive and the Corporation spent a significant portion of its efforts doing preliminary research and assembling land positions that will be developed as opportunities to attract joint venture partners in future periods. The Corporation has also begun to expand its “prospect generation” model into additional jurisdictions, through direct participation and potentially through exploration alliances.

The Corporation expects revenue to remain low in the near term because of the continuing strike at Voisey’s Bay, and low yields on high quality investments. However, with its strong balance sheet and net working capital position, the Corporation is well equipped to take advantage of royalty and equity investment opportunities. The Corporation will also continue to execute its proven prospect generation exploration model.

## Results of Operations

### *Analysis of Results of Operations for the year ending April 30, 2010 compared with the year ending April 30, 2009*

The Corporation recorded net earnings of \$20,963,000 for the year ended April 30, 2010 compared to net earnings for the year ended April 30, 2009 of \$28,501,000. The current year's earnings include a gain of \$28,413,000 from the sale of the Corporation's IRC shares as a result of the takeover by Royal Gold. This gain was offset by lower investment income from government guaranteed marketable securities in comparison to the prior year as well as lower royalty revenue from the LNRLP and a result of the continuing strike at Vale's Canadian operations. The prior year's earnings included a \$38,180,000 gain on the settlement of the equity forward agreement on Aurora shares.

The Corporation recognized total revenue of \$3,171,000 for the year ended April 30, 2010 compared to \$9,388,000 for the same period last year. Royalty revenue from the LNRLP was \$1,654,000 during the year ended April 30, 2010 compared to \$4,088,000 for the same period last year. Decreased royalty revenue was the result of lower concentrate shipments as a result of the continued strike at the mine site and at the smelting facilities in Canada. The reduction in concentrate shipments is expected to continue until the strike is resolved.

Interest income of \$932,000 was recognized in the year ended April 30, 2010 compared to \$4,858,000 for the year ended April 30, 2009. As noted previously, this decrease was caused by lower yields on corporate and government guaranteed investments.

General and administrative expenses for the year ended April 30, 2010 were \$4,398,000 compared to \$2,573,000 for the prior year. During the current year the Corporation incurred discretionary bonuses of \$950,000, increased corporate development costs of \$228,000, increased conference attendance and professional development related travel of \$170,000 and increased office and salary related expenses of \$175,000. The prior year results included a foreign exchange gain on U.S. dollar receivables of \$301,000.

The Corporation recorded a dilution gain of \$291,000 for year ended April 30, 2010 compared to \$nil for the same period in the previous year. This dilution gain was the result of two private placements completed by Rambler whereby in October 2009 Rambler issued 27.5 million ordinary shares at 20 pence each (\$0.345 per share Canadian) and on March 31, 2010, Rambler issued 8.6 million ordinary shares at 32 pence each (\$0.49 per share Canadian).

Royalty tax for the year ended April 30, 2010 was \$331,000 compared to \$818,000 for the prior year. The lower royalty tax is a direct result of the lower royalty revenue recorded in the year as previously mentioned. The mineral rights tax on the Voisey's Bay royalty is 20% of gross royalty revenue.

Stock-based compensation for the year ended April 30, 2010 was \$1,304,000 compared to \$887,000 for the prior year. In addition to stock-based compensation cost recognized on the income statement, the Corporation deferred \$260,000 as part of its mineral exploration and

development costs during the current year (2009 – \$357,000). The Corporation awarded 370,000 stock options to employees and directors during the year ended April 30, 2010 at an exercise price of \$7.00 per share (2009 – 365,000).

Amortization for the year ended April 30, 2010 was \$513,000 which was lower than the \$968,000 for the prior year. The decrease in amortization over the prior year reflects the lower production level at the Voisey's Bay nickel-copper-cobalt mine, as noted previously.

The share of loss in equity investment in Rambler was \$350,000 for the year ended April 30, 2010 compared to \$438,000 for the prior year. Activities on Rambler are described in greater detail in the section entitled *Equity Investments Overview* included in this MD&A.

The Corporation recognized interest and financing charges of \$nil for the year ended April 30, 2010 compared to \$1,334,000 in the prior last year. The interest and financing charges from the previous year were primarily from a zero – coupon loan which was settled in January 2009.

The Corporation incurred current and future income tax expense of \$3,848,000 for the year ended April 30, 2010 compared to an expense of \$6,347,000 for the same period last year. The current year's corporate tax rate of 15.5% is lower than the expected tax rate because of the lower effective tax rate on capital gains.

## ***Cash Flows, Liquidity and Capital Resources***

### **Operating Activities**

The Corporation used cash from operating activities of \$2,022,000 for the year ended April 30, 2010 compared to a cash inflow of \$9,930,000 for the prior year. This use of cash was primarily the result of the payment of tax installments in the amount of \$2,343,000 during the current year compared to a net corporate tax recovery of \$4,147,000 for the prior year.

### **Financing Activities**

The Corporation generated cash from financing activities of \$817,000 from proceeds from the exercise of employee stock options offset by the repurchase of shares for the year ended April 30, 2010 compared to an outflow of cash of \$14,857,000 for the prior year. The Corporation repurchased 55,000 common shares under its normal course issuer bid during the current year at a total cost of \$331,000 compared to 2,660,000 common shares in the prior year at a cost of \$15,214,000.

### **Investing Activities**

The Corporation used cash in investing activities of \$22,634,000 for the year ended April 30, 2010 compared to an outflow of cash of \$83,914,000 for the same period last year. This use of cash was primarily due to the purchase of 6,751,000 shares in IRC at a cost of \$24,148,000. The prior year recorded a reallocation of \$78,420,000 from cash into marketable securities. Marketable securities are comprised of highly liquid government guaranteed and investment grade commercial paper with original maturities greater than three months.

In addition, the Corporation incurred \$2,236,000 in net mineral exploration expenditures on a year to date basis. Mineral exploration activities are described in greater detail in the *Mineral Exploration Overview* section of this MD&A.

### **Liquidity**

At April 30, 2010, the Corporation had current assets of \$170,826,000 and current liabilities of \$1,524,000 for net working capital of \$169,302,000, which is sufficient to meet its current requirements for operating and investing activities. The Corporation holds its cash in short-term and medium-term interest bearing government guaranteed and investment grade corporate instruments and does not anticipate any liquidity issues.

The Corporation's major sources of funding are from royalty and interest income. In addition, the Corporation partially funds exploration expenditures via third party agreements such as earn-in agreements or joint venture arrangements whereby exploration expenditures are cost-shared or funded by third parties in exchange for a partial ownership interest in the mineral rights to the properties. Given that the current cash level is significantly more than that required for the continuing mineral exploration operations of the Corporation, management will continue to evaluate opportunities to deploy surplus cash in the upcoming periods.

### **Commitments and Contractual Obligations**

The Corporation has obtained mineral exploration licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance in order to maintain the properties in good standing and for refund of security deposits. If the required assessment expenditures are not met on or before the anniversary date of license issuance, the Corporation has the option of reducing claims on a property, post a refundable security bond for the deficient amount or elect to allow title of the license be cancelled. The Corporation is required to spend \$1,434,000 by April 30, 2011 in order to maintain all licenses in good standing, of which exploration partners have agreed to spend approximately \$536,000. Exploration expenditures of \$318,000 over the next year are required on certain properties to receive a refund of the total of security deposits in the amount of \$88,000.

### **Contingent Liability**

On October 1, 2008 the Corporation was served with a statement of claim issued by BAE-Newplan Group Limited ("BAE"), a wholly-owned subsidiary of SNC-Lavalin Inc., in the Supreme Court of Newfoundland and Labrador. In the statement of claim, BAE claims damages, including punitive and exemplary damages, interest and costs against the Corporation and others in aggregate. In particular, BAE claims \$20,594,000, which is also the amount of billing alleged as outstanding from NLRC to BAE for engineering services.

The Corporation believes this claim is without merit and intends to defend the claim vigorously. No provision has been recognized for this claim. The Corporation's defense of the claim is ongoing and a date has not yet been set for the trial of the matter.



## Related Party Transactions

Chairman of the Board and Director John Baker is a Partner of the legal firm Ottenheimer and Baker. This firm provided legal services to the Corporation in the amount of \$25,000 for the year ended April 30, 2010 (2009 – \$80,000).

VMS Consultants Inc., controlled by director Geoff Thurlow, invoiced a total of \$10,000 (2009 – \$33,000) for geological consulting services and reimbursement of expenses associated with exploration of certain of the Corporation's properties for the year ended April 30, 2010.

The Corporation recognized management fee revenue from equity investments in the amount of \$18,000 for the year ended April 30, 2010 (2009 – \$24,000). The management fees were charged by the Corporation for office and administrative services provided to NLRC.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. It is management's estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

## Summary of Quarterly Financial Information

The table below outlines selected financial information related to the Corporation's revenue, net earnings (loss) and net earnings (loss) per share for the most recent eight quarters. The financial information is extracted from the Corporation's interim audited financial statements.

Amounts in thousands of dollars, except per share amounts

\$	April 2010	January 31, 2010	October 31, 2009	July 31, 2009
Revenue	56	912	1,097	1,106
Net earnings (loss)	22,148	(102)	(486)	(597)
Net earnings (loss) per share				
- basic	0.78	-	(0.02)	(0.02)
- diluted	0.77	-	(0.02)	(0.02)

  

\$	April 2009	January 31, 2009	October 31, 2008	July 31, 2008
Revenue	1,938	2,109	3,206	2,135
Net earnings (loss)	(1,480)	31,624	(2,023)	380
Net earnings (loss) per share				
- basic	(0.05)	1.11	(0.07)	0.01
- diluted	(0.05)	1.11	(0.07)	0.01

The Corporation does not experience significant seasonality in operations. Revenue is derived primarily from investment income and from the Voisey's Bay Royalty, which is contingent upon commodity prices, mine production levels, and the timing of concentrate shipments. The decline in revenue over the previous several quarters was caused by a drop in the commodity prices and more recently because of the continuing strike at the Voisey's Bay nickel-copper-cobalt mine. Interest revenue has also declined because of the continued 'flight to safety' of investment funds, which reduced returns on high-quality liquid investments. Net earnings are affected somewhat by revenue net of operating expenses, but are affected primarily by the realization of gains or losses on the Corporation's investments and mineral exploration alliances.

### ***Analysis of Results of Operations for the three month period ending April 30, 2010 compared with the three month period ending April 30, 2009***

The Corporation recorded net earnings of \$22,148,000 for the three months ended April 30, 2010 compared to a net loss for the three months ended April 30, 2009 of \$1,480,000. The Corporation recorded a gain on the sale of investments of \$28,756,000 for the three months ended April 30, 2010 compared to \$nil for same period last year. This was primarily the result of a gain recorded on the sale of the Corporation's investment in IRC. The Corporation supported the Royal Gold proposal to acquire all of the shares of IRC in exchange for a combination of cash plus shares. As a result of the closing of this transaction, the Corporation received proceeds with a market value of \$63,132,000 including cash of \$37,520,000 and 529,297 shares in RG Exchange Co Inc and recorded a gain on the sale of \$28,413,000.

The current quarter revenue was \$56,000 compared to \$1,938,000 for the same quarter last year, reflecting lower royalty revenue and negative mark-to-market adjustments on fixed income and marketable securities.

General and administrative expenses for the three months ended April 30, 2010 were \$1,970,000 compared to \$784,000 for the same period last year. This increase was primarily due to discretionary bonuses of \$950,000 in the current quarter, increased corporate development expenses of \$112,000, salary related expenses of \$45,000 and increased travel and office related costs of \$65,000.

Royalty tax for the three months ended April 30, 2010 was \$38,000 compared to \$138,000 for the same period last year, reflecting the lower royalty revenue noted above. The royalty tax is a 20% provincial levy withheld on the Corporation's net smelter return royalty in the province of Newfoundland and Labrador.

Stock-based compensation for the three months ended April 30, 2010 was \$350,000 compared to \$239,000 for the same period last year. In addition to stock-based compensation cost recognized on the income statement, the Corporation deferred \$58,000 as part of its mineral exploration and development costs during the three month period (2009 – \$31,000).

Amortization for the three months ended April 30, 2010 was \$67,000 which was lower than the \$237,000 for the same period last year. The decrease is caused by a reduction in the

amortization of the royalty interest in the Voisey's Bay mine, which being amortized on a units of production basis over the expected life of the mine. The decrease in amortization reflects the lower volume of concentrate shipments during the current period in comparison to the prior year.

Mineral properties abandoned or impaired was \$235,000 for the three month period ended April 30, 2010 compared to \$112,000 in the same period last year. Of the amount written down, \$117,000 (2009 - \$43,000) relates to the Corporation's early stage research and reconnaissance stage exploration work, which the Corporation expenses immediately.

The Corporation wound up its equity forward agreement contract in the prior three month period ended April 30, 2009 by transferring ownership of its 2,500,000 remaining Aurora shares resulting in a gain of \$38,180,000. The deemed proceeds from the investment and the equity forward agreement was applied to repay the zero-coupon loan in full with no net cash flow impact.

The Corporation recorded an impairment provision of \$nil (2009 - \$2,170,000) on the Corporation's investment in the equity of Rambler and an impairment charge of \$nil (2009-\$152,000) on its mining and mineral related investments in the three months ended April 30, 2009.

The Corporation recognized an income tax expense of \$4,084,000 for the three months ended April 30, 2010 compared to a recovery of \$540,000 for the same period last year. The current quarter's corporate tax rate of 15.6% is lower than the expected tax rate because of the lower effective tax rate on capital gains.

## **Investments Overview**

The Corporation has two significant equity accounted investments, NLRC and Rambler. The Corporation also held a 9.4% interest in IRC, a diversified metals royalty company, which was sold during the current fiscal year.

### **NLRC**

The Corporation currently holds a 39.6% equity interest in NLRC, which was formerly under creditor protection under the Bankruptcy and Insolvency Act ("BIA"). NLRC is a private company that was proposing to construct a new 300,000 barrel per day crude oil refinery at Southern Head, Placentia Bay in south eastern Newfoundland and Labrador, Canada. NLRC is currently operating under a two-year creditor standstill period which expires in October 2011; whereby the company must sell its assets to satisfy creditors or complete financing of the project.

The Corporation kept its carrying value on its investment and loan to NLRC at \$nil to reflect to continued uncertainty of recovery.

On June 18, 2008, SNC Lavalin, a contractor providing environmental and engineering services to NLRC, served NLRC with a notice of proceedings in the Supreme Court of Newfoundland and Labrador to have NLRC adjudged bankrupt. In response to this filing, NLRC sought and was

granted creditor protection under the BIA on June 24, 2008. This protection enabled NLRC, under the supervision of a trustee, to formulate a proposal for restructuring and to continue its efforts to attract financing and or partners for the refinery project. The initial period of creditor protection granted was 30 days, and was later extended for two additional periods of 45 days each until October 17, 2008.

On October 17, 2008, NLRC submitted a proposal to the creditors for a project care and maintenance plan for up to 36 months. Under the care and maintenance plan, it was proposed that ongoing costs be kept to a minimum and that all refinery permits would be kept in good standing until such time as the project can be sold or financed when economic conditions improve. In addition, it was proposed that all creditors' claims would be deferred until the end of the care and maintenance period or until the project obtains financing. Following the vote by creditors on the proposal on November 6, 2008, the trustee indicated that the outcome of the vote would depend on the legitimacy of claim amounts submitted as part of the voting procedure and, therefore, recessed to evaluate the various claim amounts. The creditors meeting was reconvened on July 15, 2009 and the outcome of the vote indicated that a majority of the votes were in favour of the proposal. The trustee's application to accept the proposal was heard by the Newfoundland Supreme Court on October 22, 2009. At that time the Court also considered an application by a creditor to reduce one of the other creditor's claims, which could affect the outcome of the vote.

On November 20, 2009 the Court accepted the proposal and dismissed all further requests for creditor's claim adjustments for voting purposes. NLRC now has approximately 2 years to sell or finance its project interest to satisfy all creditors' claims. NLRC continues to seek qualified interested parties for the potential purchase of its refinery project and associated permits.

Additional information on NLRC is available on their web site at <http://www.nlrefining.com>.

## **Rambler**

The Corporation holds 12 million shares or a 12.6% interest in Rambler, which is listed on the Alternative Investment Market of the London Stock Exchange ("AIM"), and on the TSX-V. Rambler is carrying out advanced exploration of the past producing Ming copper - gold mine, located near Baie Verte, Newfoundland and Labrador, Canada.

On October 22, 2009, Rambler completed a private placement to fund the acquisition of the Nugget Pond processing facility and to fund subsequent engineering work on the facility. Rambler issued 27.5 million ordinary shares at 20 pence each (\$0.345 per share Canadian). Following the private placement, the Corporation's ownership interest in Rambler was reduced from 20.2% to 13.8% and the Corporation recorded a dilution gain of \$137,000.

On March 31, 2010, Rambler completed a private placement to provide additional working capital to complete engineering work on the Nugget Pond processing facility. Rambler issued 8.6 million ordinary shares at 32 pence each (\$0.49 per share Canadian). Following the transaction, the Corporation's ownership interest in Rambler was reduced from 13.8% to 12.6% and the Corporation recorded a dilution gain of \$154,000 as a result of the transaction. The Corporation

continued to equity-account for Rambler after the private placement based on the fact that it is a significant shareholder and continues to have representation on the Rambler Board.

On March 4, 2010 Rambler announced that it had entered into a gold sale agreement with Sandstorm Resources Ltd. for a portion of its life-of-mine gold production from its development-stage Ming copper-gold mine located near Baie Verte, NL. Under the terms of agreement, Rambler will receive total staged payments of U.S. \$20,000,000 upon reaching certain development milestones.

On May 27, 2010, Rambler received final environmental approval and project release from the Government of Newfoundland and Labrador for its Ming Copper Gold deposits. An NI43-101 Feasibility Study is nearing completion and is due for delivery in the second quarter of 2010. Completion of a satisfactory NI43-101 Feasibility Study will in turn result in Rambler being granted access to additional funding under the terms of its agreement with Sandstorm Resources Ltd.

With the project released from further environmental assessment, Rambler can apply for the various regulatory permits and licenses required to begin construction for the mine, mill and port infrastructure to facilitate the production of copper, gold and silver from the Ming Mine. The construction phase is expected to begin in August 2010. All of the major equipment for the mill expansion has been ordered and is due for delivery to site in July and August 2010.

For additional information on Rambler, visit their web site at <http://www.ramblermines.com/>

## **IRC**

Early in fiscal 2010 the Corporation increased its ownership interest in IRC to a 9.4% interest or 8,924,972 common shares. This investment was subsequently sold to Royal Gold for a net gain of \$28,413,000 as discussed below.

On December 14, 2009, Franco Nevada tendered an unsolicited takeover bid for IRC for \$6.75 per share. In December 18, 2009 IRC announced that it had entered into a friendly transaction with Royal Gold whereby Royal Gold would acquire all of the shares of IRC in exchange for a combination of cash plus shares at a deemed value at the time of the proposal of \$7.45 per IRC common share. The proposal had limitations on the maximum and minimum amount of cash and shares to be received by IRC shareholders.

The Corporation entered into a lock-up agreement with Royal Gold to sell its 8,924,972 common share ownership in IRC for estimated proceeds of \$7.45 per share. Under the agreement, the Corporation was required to vote in favour of the takeover proposal and to elect to receive all Royal Gold shares or equivalent as consideration unless the all cash price exceeded the expected share consideration value by a certain amount. The Corporation voted in favour of the Royal Gold proposal and elected to receive all cash.

The IRC Shareholder vote was held on February 16, 2010 and the results of the shareholder vote were positive. Upon court approval and closing the Corporation received \$37,520,000 in cash

and 529,297 shares in RG Exchange Co Inc representing estimated total proceeds of approximately \$63,132,000 and recorded an estimated gain of approximately \$28,413,000. The RG Exchangeable shares have all the rights of Royal Gold common shares and are convertible into Royal Gold common shares at the option of the holder.

## **Mineral Exploration Projects Overview**

The Corporation incurred \$2,236,000 in net exploration expenditures during the year ended April 30, 2010, including \$628,000 on early-stage reconnaissance in several areas throughout Newfoundland and Labrador with the goal of identifying additional exploration joint venture opportunities for earn-in partners. The Corporation's goal is to develop new exploration concepts and to continue to refresh the Corporation's portfolio of new exploration projects for subsequent third party funding agreements. Early stage exploration is focused primarily on the identification of new exploration targets including gold, nickel, copper, and iron ore.

The Corporation has been actively planning for the 2010 field season as well as generating new grass roots early stage mineral exploration projects.

The Corporation currently has 8 active earn-in agreements or exploration alliances with various third parties throughout the province of Newfoundland and Labrador in Canada covering a variety of commodities. The most significant developments are discussed below.

Alderon recently announced commencement of a 20,000 meter drilling program at the Kamistatusset iron ore project in western Labrador. The program is designed to build upon prior successful drilling by the Corporation and to complete an infill drilling campaign to allow the calculation of a NI 43-101 compliant resource estimate. Alderon has the option to earn a 100% interest in the project by incurring \$5,000,000 in exploration expenditures on the property by November 2012, by meeting certain financing thresholds, which have been met, and by issuing approximately 32,000,000 shares to the Corporation. The Corporation will also retain a 3% gross sales royalty.

Under an option agreement with the Corporation, Rio Tinto Exploration Canada Inc. ("Rio Tinto") continued to explore eight exploration licenses covering 24 iron ore occurrences throughout the western Labrador iron ore mining district. An earn-in exploration and royalty was executed in December 2008 allowing Rio Tinto to earn up to a 70% interest in the licenses in stages by spending up to \$7,000,000 million in exploration within five years. The Corporation retains a 3% gross overriding royalty of which 1% may be purchased for \$10,000,000 million on or before the tenth anniversary of the agreement. Drilling on some of the licenses is anticipated in early fall 2010. Specific targets are being refined and drilling permit applications are being prepared.

The Snelgrove Lake project is wholly owned by the Corporation and located approximately 50 kilometres southeast of the past-producing Schefferville iron ore mining district. A combination of airborne magnetic data and sampling of iron formation has identified taconite type iron formation typical of the region. One hundred seventeen grab samples of iron formation yielded a median value of 32% iron. In 2010, the Corporation will focus on mapping areas of higher-grade

iron ore formation (e.g. 55-65% Fe) that may have potential for relatively low-cost direct shipping ore. The Corporation is in preliminary discussions with a number of companies regarding an exploration agreement to explore the project.

The Corporation holds mineral rights covering the projected extensions of the Julienne Lake deposit under Wabush Lake and Julienne Lake in Labrador West, approximately 15 km northeast of IOCC's Carol Lake operation. The deposit contains a historic and NI-43-101 non-compliant resource of 558.8 million tonnes grading 35% iron. The Corporation is planning an exploration program to evaluate the resource potential on its claims.

Northern Abitibi Mining recently commenced a 6,000 metre drilling campaign at the Viking gold project. Drilling will initially focus on infill and resource delineation along the Thor trend which remains open for expansion. The company also plans to test several large exploration targets within the Viking claim block. The Corporation holds a 2-4 % sliding-scale net smelter royalty on the Viking gold project as well as an equity stake in Northern Abitibi. The Corporation also has a 100% interest in several large claim blocks in the belt where new gold prospects have been identified.

JNR Resources Inc. recently provided an update on its 2009 fall diamond drilling program at the Rocky Brook uranium project located in the Deer Lake sandstone basin of west-central Newfoundland. A total of 1,958.2 metres in 38 holes were completed. Anomalous uranium and fault structures were intersected in drill core, however, the source of the high-grade uraniferous boulders remains enigmatic. A program is being planned for 2010. The Rocky Brook project is subject of a joint venture agreement where JNR solely funded the work in 2009 and is also operator.

The Topsails property is a 50/50 alliance between the JNR Resources Inc and the Corporation near the former mining community of Buchans has resulted in the discovery of several new prospects of granite-hosted uranium and porphyry copper-molybdenum-gold-silver mineralization. A field program is planned for this summer which includes IP geophysical surveys, soil sampling, trenching and rock sampling to further evaluate these grassroots discoveries and identify drill targets. During the current year the Corporation added over 200 square kilometers to its Topsails alliance with JNR Resources Inc. to cover prospective copper-gold targets.

The wholly-owned Taylor Brook project is located in western Newfoundland and hosts high grade nickel-copper-PGE mineralization. Recent drilling by a third party under an option agreement revealed that four of five airborne EM conductors tested were due to occurrences of nickel-bearing sulphides. The four zones of Ni-Cu-Co mineralization occur within an area exceeding 300 meters by 800 meters, and all four zones remain open for expansion and delineation. The Corporation is planning an airborne EM-Mag survey to expand the original survey area and will conduct ground follow up of any additional anomalies later this summer. The Corporation staked an additional 106 square kilometers surrounding its original Taylor Brook nickel property to cover all potential targets. The Corporation is seeking a partner to advance this drill-ready project.

The Corporation plans to conduct additional mapping and prospecting, trenching and sampling on its wholly-owned Natashquan nickel-copper-PGE project located in southern Labrador. An airborne EM and magnetics survey in 2008 and subsequent follow up has resulted in the discovery of several high grade nickel-copper-PGE semi-massive to massive magmatic sulphides occurrences associated with coincident magnetic and EM anomalies. The Corporation is seeking a partner to advance these grassroots discoveries.

The Corporation continues to generate new mineral exploration opportunities through a dedicated grassroots project generation program and is committed to pursuing new agreements under its well established joint venture business plan. This year the Corporation is pursuing 17 projects at a generative or early stage and has an additional 10 active earn-in or joint venture agreements.



## Summary of Exploration Activity

Property	Partner	Agreement type	Status
Alexis River – Uranium	Kirrin Resources Inc <sup>a</sup>	Earn in	Operator reviewing data.
Snelgrove Lake - iron ore	-	-	Mapping and sampling program planned for 2010; target is high grade iron. Seeking an earn-in partner.
Kamistiatusset - Iron-ore	Alderon Resources Limited <sup>a</sup>	100% Earn-in	Alderon is currently conducting a 20,000 metre drill program to delineate the resource.
Labrador Trough - Base metals	Cornerstone <sup>a</sup>	Alliance	Planning 2010 field program; seeking senior partner.
Labrador West Iron Ore	Rio Tinto (formerly Kennecott Canada Exploration Inc) <sup>a</sup>	Earn in	Reviewing 2009 data and planning 2010 program.
Monte Cristo - Gold	Millrock Resources Limited	50/50 Alliance	Conducting further reconnaissance and drill target selection; Seeking earn-in/JV partner.
St. Eugene – Copper/gold	Millrock Resources Limited	50/50 Alliance	Conducting further reconnaissance and drill target selection; Seeking earn-in/JV partner.
Moosehead - Gold	Agnico Eagle Mines Ltd.	Joint venture	Designing next exploration program; seeking third party JV partner.
New Brunswick Oil Shale	-	-	Drilling and oil characterization analysis completed; seeking partner.
Notakwanon - Uranium	-	Earn in	Planning 2010 field work and seeking a partner.
Rocky Brook – Uranium	JNR Resources Inc <sup>a</sup>	Joint venture (30%)	2010 exploration program under design.
South Tally Pond – Base Metals	Paragon Minerals Corp <sup>a</sup>	Sale	2010 drilling program recently completed.
Taylor Brook – Nickel	-	-	Staked additional claims; airborne EM-MAG survey

			planned; seeking partners.
Topsails – Uranium & Copper	JNR Resources Inc	Alliance	Staked additional claims to cover prospective copper-gold; Planning 2010 program of mapping, IP geophysics, trenching.
Viking – Gold	Northern Abitibi Mining Corp <sup>a</sup>	The Corporation opted for 2-4% sliding scale royalty	Now 100% owned by Northern Abitibi - 6,000m drilling program underway.
White Bay - Gold	-	-	Reconnaissance prospecting planned for 2010.
Wing Pond- Gold	-	-	Trenching and sampling planned; seeking partner.

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<sup>a</sup> indicates operator

*For additional details on the properties and exploration agreements, please refer to the Corporation's web site, [www.altiusminerals.com](http://www.altiusminerals.com).*

## **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 consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) and in accordance with accounting policies set out in the notes to the consolidated financial statements for the year ended April 30, 2010.

There has been no change in the Corporation’s internal control over financial reporting during the Corporation’s year ended April 30, 2010 that has materially affected, or is reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

## **Evaluation and Effectiveness of Disclosure Controls and Procedures**

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer’s disclosure controls and procedures as of April 30, 2010 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.

## **New and Future Accounting Pronouncements**

### *Goodwill and Intangible Assets*

Commencing May 1, 2009 the Corporation adopted CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which replaced Section 3062, “Goodwill and Intangible Assets”, and Section 3450, “Research and Development Costs”. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This standard did not have a material impact on the Corporation’s consolidated financial statements.

### *International Financial Reporting Standards (“IFRS”)*

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011 with appropriate comparative data from the prior year. The Corporation will be required to adopt IFRS commencing May 1, 2011 and will require the restatement, for comparative purposes, of amounts reported on the Corporation’s opening IFRS balance sheet as at May 1, 2010 and amounts reported for the year ended April 30, 2011.

Under IFRS, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that will need to be addressed by management. The Corporation has a comprehensive IFRS conversion plan and has completed its initial scoping study to identify key areas that may affect disclosure and financial reporting upon transition to IFRS.

The Corporation has completed its key employee IFRS training and has substantially completed its review of key accounting issues identified by its scoping review. The Corporation expects some differences on the timing of recognition of stock based compensation expenses under IFRS but the difference has not yet been quantified. No other major issues have been identified at this time.

In the next quarter the Corporation intends to evaluate the various elections and exemptions available upon initial conversion to IFRS. The Corporation will also evaluate and re-document its information systems, internal controls over financial reporting, and data collection methods to ensure that it can smoothly transition to IFRS while meeting all financial reporting obligations. No significant issues are anticipated at this time.

#### *Business Combinations*

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which superseded Section 1581, Business Combinations, and Section 1600, Consolidated Financial Statements. CICA Handbook Section 1582, Business Combinations, replaces the former Section 1581, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). This Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601, Consolidated Financial Statements, together with the new Section 1602, Non-Controlling Interests, replaces the former Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS 27, Consolidated and Separate Financial Statements, (January 2008). Both sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Earlier adoption is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Corporation is evaluating the impact of the adoption of these sections to determine if early adoption is appropriate.

## **Critical Accounting Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the rates for amortization of the royalty interest, future income taxes, assessments of the recoverability of deferred exploration expenditures, the carrying value and assessment of other than temporary impairment of investments, the recoverability of accounts receivable and loans, the determination of the provision for future removal and site restoration costs, and the assumptions used in the determination of the fair value of stock-based compensation.

## **Risk Factors and Key Success Factors**

An investment in securities of the Corporation involves a significant degree of risk that should be considered prior to making an investment decision. In addition to discussions of key success factors and business issues elsewhere in this MD&A, the investor should consider the following risk factors:

### *Operational and Development Risk*

The Corporation operates in the mineral exploration sector, which implicitly involves a high degree of risk caused by limited chances of discovery of an economic deposit and eventual mine development. The Corporation mitigates this risk by cost-sharing with exploration partners and by continuously evaluating the economic potential of each mineral property at every stage of its life cycle.

### *Development Stage Projects*

Profits from commercial operations will depend on a significant number of factors, including economic feasibility, changing market conditions, environmental and governmental regulations, labour availability, the cost of and the ability to attract external financial capital, and the ability to attract partners with sufficient technical expertise and relevant industry experience to further develop the various projects. Any failure to meet one or a combination of these factors may result in project delays or potential cancellation and the Corporation's future operating results may be adversely affected.

### *Issues Affecting Royalty Revenue*

The level of cash flows from the Voisey's Bay royalty are subject to various economic factors, including the underlying commodity prices and smelting and other operating costs which are deducted from the net smelter return. Royalty payments are highly dependent on the operating and commercial success of the underlying operating company. Various factors, such as commodity price, operating costs, financing costs, labour availability, labour stability, environmental and stakeholder relations or any combination thereof could make an underlying operation unprofitable. Although short-term losses are not expected to affect the decision to keep

an operation open, prolonged operating losses could induce an operating company to close its operations, thereby eliminating such royalty revenue.

#### *Exposure to Mineral Price Fluctuations*

Changes in the market price of nickel and to a lesser extent copper and cobalt significantly impact the Corporation's revenue from the Voisey's Bay Royalty. The Corporation's financial results are sensitive to external economic criteria related to the price of nickel. A substantial risk of lower royalty payments arises there is a prolonged period of lower nickel prices. Many factors beyond the Corporation's control influence the market price of nickel, including: global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other nickel-producing countries.

#### *The Ability to Attract Joint Venture Partners*

The probability of successfully progressing early stage projects is dependent on an ability to attract joint venture partners to share project expenditures and to provide additional technical expertise required to develop projects. If the Corporation is unable to attract partners to cost-share project expenditures and to provide additional technical expertise, the level of exploration the Corporation could perform with limited personnel may be adversely impacted. This could affect the likelihood of discovering future commercially feasible projects.

#### *Debt and Equity Financing*

Because of their size and scale, the success of some resource-based projects depends on the ability of the Corporation, its partners or its investments to raise the financial capital required to successfully construct and operate a project. This ability may be affected by general economic and market conditions, including the perceived threat or actual occurrence of an economic recession or liquidity issues. If market conditions are not favourable, major resource based projects could be cancelled or the expected rate of return to the Corporation may be significantly diminished.

#### *Government Regulations*

The Corporation's operations are subject to extensive governmental regulations with respect to such matters as environmental protection, health, safety and labour; mining law reform; restrictions on production or export, price controls and tax increases; aboriginal land claims; and expropriation of property in the jurisdictions in which it operates. Compliance with these and other laws and regulations may require the Corporation to make significant capital outlays which may slow its growth by diverting its financial resources. The enactment of new adverse regulations or regulatory requirements or more stringent enforcement of current regulations or regulatory requirements may increase costs, which could have an adverse effect on the Corporation. The Corporation cannot give assurances that it will be able to adapt to these regulatory developments on a timely or cost effective basis. Violations of these regulations and regulatory requirements could lead to substantial fines, penalties or other sanctions.

#### *Key Employee Attraction and Retention*

The Corporation's continued success is highly dependent on the retention of key personnel who possess business and technical expertise and are well versed in the various projects underway and under consideration. The number of persons skilled in the acquisition, exploration and development of natural resource and mining projects is limited and competition for such persons is intense. As the Corporation's business activity grows, additional key financial, administrative and operations personnel as well as additional staff may be required. Although the Corporation believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Corporation is not successful in attracting, training and retaining qualified personnel, the efficiency of operations may be affected. Additionally, should any key person decide to leave, then the success of one or more of the projects under consideration could be at risk.

#### *Exploration Alliances*

The Corporation's objective is to create joint ventures or corporate structures related to the opportunities it generates, which results in the Corporation carrying minority and non-operating project or equity interests and/or royalty interests. In certain circumstances the Corporation must rely on the decisions and expertise regarding operational matters for properties, equity interests and other assets including: whether, when and how to commence permitting; feasibility analysis; facility design and operation, processing, plant and equipment matters; and the temporary or permanent suspension of operations. In some of these instances, it may difficult or impossible for the Corporation to ensure that the properties and assets are operated in its best interest.

#### ***Financial Instrument Risk***

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

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted below.

#### *Market value and commodity price risk*

The value of the Corporation's mining and mineral related investments is exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, company-specific operating performance and the market value of the commodities that the companies may focus on. Except as noted below, the Corporation does not utilize any derivative contracts to reduce this exposure.

#### *Foreign currency risk*

The Corporation is exposed to foreign currency fluctuations on a portion of its accounts receivable related to royalty revenue. The Corporation does not enter into any derivative contracts to reduce this exposure since the receivable is short-term in nature and the expected receivable amount cannot be predicted reliably.

#### *Liquidity risk*

The Corporation believes that on a long-term basis its revenue generating assets and net working capital position will enable it to meet current and future obligations at the current level of activity. This conclusion could change with a significant change in the operations of the Corporation or from other developments.

Given the relative size of some of the Corporation's investments compared to the normal trading volume of the underlying investments, the Corporation may be unable to sell its entire interest in an investment without having an adverse effect on the fair value of the security. The Corporation does not enter into any derivative contracts to reduce this exposure.

#### *Credit risk*

The Corporation has some credit risk with accounts receivable balances owing from earn-in partners but the amount is not considered significant.

The Corporation's cash, marketable securities, and fixed income securities are distributed among government guaranteed instruments and investment grade commercial paper. All funds are held in fully segregated accounts and include only Canadian dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.

#### *Interest rate risk*

The Corporation does not have any debt and is therefore not exposed to interest rate risk on liabilities. The Corporation's cash and marketable securities may fluctuate in value depending on the market interest rates and the time to maturity of the instruments. The Corporation manages this risk by limiting the maximum term to maturity on invested funds or holding the investments to maturity.

## **Outstanding Share Data**

The total number of common shares outstanding as of June 29, 2010 is 28,556,895.

## **Subsequent Event**

On June 6, 2010, the Corporation and Millrock amended their exploration alliance agreement to streamline the joint-venturing process. The Corporation's interest in existing and future properties staked within the alliance area was converted to a 2% royalty on gold and a 1% royalty on other commodities. The Corporation also exercised its warrants for the purchase of 4,227,223 Millrock common shares at a price of 30 cents per share for a total cost of \$1,268,000 and received new warrants for the purchase of 3,450,000 common shares at a price of 45 cents per share for a period of five years.



The following schedule outlines the major categories of mineral properties, deferred exploration costs, and security deposits at April 30, 2010.

Amounts in thousands of dollars

Location	Primary Metal	Acquisitions	Wages	Geology / Geophysics	Drilling	Travel/Other	Recovered Property Costs	Write-Down	Security Deposits	Grand Total
Labrador										
	Base metals	43	130	166	-	314	(20)	-	-	633
	Iron Ore	37	426	531	1,083	406	(400)	-	-	2,083
	Nickel	4	23	211	-	61	-	-	-	299
	Uranium	10	168	413	-	428	(880)	-	-	139
		94	747	1,321	1,083	1,209	(1,300)	-	-	3,154
Island of Newfoundland										
	Base metals	16	204	99	106	86	(506)	-	-	5
	Copper	2	1	-	-	-	-	-	-	3
	Gold	89	216	110	-	138	(390)	(7)	-	156
	Nickel	34	38	41	-	23	(100)	(1)	-	35
	Potash	24	82	105	-	39	(201)	-	-	49
	Uranium/copper	48	1,219	1,129	832	1,024	(3,112)	-	-	1,140
		213	1,760	1,484	938	1,310	(4,309)	(8)	-	1,388
Other										
New Brunswick	Oil shale	19	207	863	1,578	423	(210)	-	-	2,880
		19	207	863	1,578	423	(210)	-	-	2,880
Security Deposits		-	-	-	-	-	-	-	166	166
General Exploration		-	109	41	-	478	-	(628)	-	-
Grand Total		326	2,823	3,709	3,599	3,420	(5,819)	(636)	166	7,588