Altius Minerals Corporation

Management's Discussion and Analysis of Financial Conditions and Results of Operations

Three months ended March 31, 2021

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the three months ended March 31, 2021 and related notes. This MD&A has been prepared as of May 11, 2021.*

*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

The Corporation has two operating business segments, mineral royalties/streams and mineral exploration project generation, as well as a majority interest in a listed renewable energy royalty company which was co-founded by Altius. The Corporation's diversified mineral royalties and streams generate revenue from 12 operating mines located in Canada (10), the United States (1), and Brazil (1) that produce copper, zinc, nickel, cobalt, potash, iron ore and thermal (electrical) coal (see Appendix 1: Summary of Producing Royalties and Streaming Interests). The Corporation further holds a diversified portfolio of pre-production stage royalties and junior equity positions that it mainly originates through mineral exploration initiatives within a business division referred to as Project Generation. The Corporation also holds a 59% interest in Altius Renewable Royalties Corp. (TSX:ARR, "ARR"), which through a jointly controlled entity, Great Bay Renewables LLC ("GBR"), holds royalties related to renewable energy generation projects located primarily in the United States. Funds managed by affiliates of Apollo Global Management, Inc. represent the other party to the joint venture.

Additional information on the status of these royalty interests is available in Appendix 2: Summary of Exploration and Pre-Production Stage Royalties and Appendix 3: Summary of Operational and Development Renewable Energy Royalties of this MD&A.

## Strategy

The Corporation's broader strategy is to grow a diversified portfolio of long-life royalties related to commodities and assets that benefit from sustainability linked, macro-scale structural trends, including the transition from fossil fuel to renewable based electrical generation; transportation electrification; lower emission steel making; and agricultural yield demand growth.

The Corporation further seeks royalty interests in projects with large potential resource lives in order to maximize future option value realization potential. The long average resource lives that remain for most of our current portfolio of royalties is a key strategic differentiator for Altius within the broader resource royalty sector. Large resources are considered by the Corporation as excellent predictors of future operating life extensions and mine throughput expansions. Such occurrences typically require capital investments by the mine operator, but as a royalty holder Altius pays no share of the cost incurred to gain these potential incremental benefits.

Altius also grows its portfolio of paying royalties by originating and adding value to mineral projects through scientific research, exploration and environmental/social licensing initiatives and then retaining royalties upon their sale or transfer to mining/development companies. This is the core function of our Project Generation business and is another unique strategic differentiator for Altius. The Project Generation business has a strong track record of earning substantial profits from the eventual monetization of corporate equity interests that are often received in addition to the long-term royalty interests it retains during project level deal making.

Whether considering M&A based mineral royalty acquisitions or its organic Project Generation business, Altius exercises counter-cyclical discipline. Commodity markets are notoriously cyclical and individual asset valuations can change dramatically in accordance with commodity prices and sentiment. Our mining royalty and mineral property acquisitions are primarily made during periods of low cyclical valuations, while operator funded organic growth investments and equity gains/liquidity events typically become more pronounced during periods of better cyclical valuation and sentiment.

More recently, Altius expanded its focus into royalty financing of the renewable energy sector by co-founding ARR. Through recent investments in two large US-based utility scale wind and solar projects developers, Tri-Global Energy ("TGE") and Apex Clean Energy ("APEX"), ARR has begun building a portfolio of renewable royalty interests that currently represent a combined expected nameplate capacity of 1890 Megawatts (Appendix 3), with several further royalty interests expected to be created under the subject agreements. ARR is directly enabling the transition to cleaner energy and the achievement of global sustainability imperatives while also setting a path for long-term value creation for our shareholders, partners and the communities in which we operate. During the first quarter of 2021, the Corporation completed an initial public offering of ARR as a new publicly traded company on the TSX (see section IPO of Altius Renewable Royalties Corp. below).

## Outlook

The majority of the Corporation's attributable royalty revenue is derived from attributable production volumes multiplied by relevant realized commodity prices. The Corporation provides production guidance summaries of the disclosable information it gains from the underlying operators of the projects in which it holds royalty interests. This volume-based information, when considered in conjunction with commonly quoted commodity prices, is provided to help interested shareholders and investors make ongoing estimates of royalty revenue variability.

Most of the commodity prices that are relevant to Altius have been strengthening over the past year and in certain cases are approaching all time record levels. These are beginning to be reflected as higher royalty revenues from several of our underlying mine exposures. Of potential greater long-term importance, certain commodity prices and sentiment conditions have re-attained levels that the Corporation believes could serve to incentivize operator investments in their assets - after a protracted cyclical period of weak prices and investment appetite.

On February 18, 2021, Lundin Mining Corporation ("Lundin") confirmed 2021 copper production guidance for Chapada of 48,000 – 53,000 tonnes while maintaining low production costs. Lundin also reported that it is continuing to evaluate options for a mine and plant expansion, which is being studied in conjunction with near-mine exploration efforts that are focused on further resource growth. Lundin reiterated plans to drill an additional 60,000 m at Chapada in 2021, having drilled 11,000 m in Q1 2021, which has already yielded encouraging results (see Lundin's First Quarter 2021 Results). Lundin also expanded their land holdings around Chapada by approximately 80%.

Excelsior Mining Corp. ("Excelsior") announced it had achieved first copper cathode production on December 21, 2020 at its Gunnison in-situ-leach copper project located in Cochise County, Arizona. On January 28, 2021 Excelsior announced that a total of 90,000 pounds of copper cathode were sold under the offtake agreement with Trafigura Trading LLC. With that sale, Excelsior also announced that it expected to reach a Phase I nameplate capacity rate of 25 million pounds per annum later in 2021. Altius holds a 1.625% gross sales royalty on the Gunnison copper project.

On November 25, 2020, rehabilitation of Hudbay's 777 Mine shaft was completed following an earlier mechanical failure and full production has resumed at the operation. The Corporation expects operations to continue normally until 777's planned closure in mid-2022.

The Iron Ore Company of Canada ("IOC") mining complex in Labrador is continuing to operate within recently established production ranges while benefitting from structural premium pricing levels for its high-quality iron ore products, which include blast furnace and direct reduction pellets and concentrates. These premiums are due to the increasing importance and value of high purity inputs, which result in lower unit-based carbon and other pollution emissions during steelmaking. Rio Tinto also recently confirmed 2021 production guidance (pellets and concentrates) of 17.9 to 20.4 million tonnes while indicating higher planned levels of capital investment towards initiatives that are intended to facilitate the incremental growth of production levels, which remain generally below nameplate capacities.

Potash fertilizer markets continued to strengthen in the first quarter of 2021 and have rebounded by ~46% to 65% since mid 2020 lows. Increasing crop prices continue to be supported by tight supply and demand fundamentals which have increased grower profitability and are incentivizing growers to maximize yields through nutrient application. In 2020 global potash shipments are estimated to have reached a new all-time record of more than 68Mmt. The Saskatchewan, Canada mines on which Altius holds royalty interests are currently collectively operating at ~2/3 of total nameplate capacity (following the completion of a series of major expansions over the past several years) and are well positioned competitively to increase production levels to meet increasing demand as it develops.

Revenues from our thermal (electrical) coal royalty interests is expected to continue to diminish, with only Genesee expected to provide a meaningful contribution during the remainder of 2021. At Genesee, efforts are underway to repower the generating units to combined cycle natural gas with completion expected in 2024. The decline and ultimate elimination of thermal coal-based revenue from Altius's portfolio is expected to coincide with the ramp up of royalty revenues from a growing list of renewable energy projects that the Corporation has exposure to through its majority shareholding in ARR.

Within the Project Generation business, demand for new projects from third parties continues to be very strong with several new agreements recently entered into in exchange for royalties and equity positions. We continue to work closely with the management teams of our various portfolio holding companies to find ways to add value through the provision of technical and various other supports as needed. We are also actively investing in project generative activities with a goal of adding new early-stage mineral prospects to replenish our portfolio given strong continuing demand. The return of strong funding availability for exploration from both industry and capital market sources is resulting in rapidly expanding budgets and exploration commitments across our portfolio of equity and pre-production stage project royalty interests.

## Quarterly Highlights

### *IPO of Altius Renewable Royalties Corp.*

On March 3, 2021 ARR completed an IPO for total gross proceeds of $100,100,000. The proceeds from the IPO will be used by ARR to fund additional renewable energy royalty focused investments to continue to support the growth of its renewable energy royalty business and for general corporate purposes as described in its supplemented PREP prospectus. Following the closing of the IPO the ARR shares trade on the TSX under the symbol "ARR". On April 6, 2021 ARR announced that the Underwriters partially exercised an over-allotment option for 694,000 common shares for additional gross proceeds of $7,634,000. Following the completion of the IPO and the exercise of the over-allotment option, the Corporation holds 15,638,639 of the ARR shares or approximately 59% of the issued and outstanding ARR shares.

### *Champion Acquisition of Kami Iron Ore Project*

Champion Iron Ltd. ("Champion") has announced completion of its acquisition of the Kamistiatusset ("Kami") iron ore project pursuant to a receivership process relating to the assets of Alderon Iron Ore Corp ("Alderon"). Under the acquisition, Altius has received 600,000 Champion shares upon the sale of its portion of a secured debt facility it had provided to Alderon. It also expects to receive a portion of a $15,000,000 initial cash consideration and of potential future production-based cash payments stemming from its 37.3% equity holding in Alderon. The amount of cash consideration will be dependent on the receiver's ongoing approval process relating to any additional third-party creditor claims, which will rank in priority over any amounts payable to equity holders. The Kami project is situated within the Labrador Trough mining district, nearby to the east of Champion's operating Bloom Lake mine, adjacent to the south of the operating Scully mine of Tacora Resources and nearby to the south of the Rio Tinto operated Iron Ore Company of Canada mining complex. Altius's project-generation team completed early exploration programs that broadly outlined the iron ore deposits at Kami before selling the project to Alderon in exchange for an equity shareholding and a retained 3% gross sales royalty ("GSR"), which was unimpacted by the receivership process. Champion has stated a near-term plan to revise the project's scope and update the prior feasibility study as it considers further growth alternatives within the district.

### *Lithium Royalty Corporation Financing*

On January 11, 2021 Altius announced that Lithium Royalty Corporation ("LRC"), of which Altius is a founding investor, had agreed to a US$40,000,000 investment by New York based private equity firm Riverstone Holdings, as part of a larger US$70,700,000 offering by LRC. Pursuant to this investment Altius exercised its pro-rata equity participation right (through investments in affiliated limited partnership LRC LP I) by committing an additional US$7,600,000 to maintain its 12.6% stake in LRC. Altius also continues to maintain a direct 10% co-participation right with respect to future LRC royalty level investments and a board nomination right. LRC was founded in May 2018 as a private royalty and streaming company focused on the lithium mining sector. It is managed through Waratah Capital Advisors Ltd. Since inception, LRC has acquired four pre-feasibility through production stage royalties including both brine and spodumene based projects that are located in Australia, Brazil and Argentina. These assets consist of a cash flowing royalty on Galaxy Resources' Mt Cattlin mine, a 1% gross overriding royalty ("GOR") on Sigma Lithium's Grota do Cirilo project, a 1% GOR on Neo Lithium's Tres Quebradas ("3Q") lithium brine project and a 2.5% GOR on Core Lithium's Finniss Project, as well as a royalty interest in the Horse Creek silica project in Canada.

## Capital Allocation

During the quarter ended March 31, 2021 the Corporation repaid $5,000,000 in scheduled payments on its credit facilities, paid dividends of five cents per common share, paid distributions of $1,260,000 on its preferred securities and repurchased 473,400 of its shares at a cost of $7,363,000 under its normal course issuer bid. These included shares issued upon the exercise of 400,000 outstanding warrants that generated $5,600,000 in offsetting proceeds.

## Financial Performance and Results of Operations

| In Thousands of Canadian Dollars, except per share amounts | Three months ended March 31, 2021 | Three months ended March 31, 2020 | Variance |
|---|---|---|---|
| **Revenue** | | | |
| Attributable royalty | $ 17,760 | $ 16,279 | $ 1,481 |
| Project generation | 408 | - | 408 |
| Attributable revenue [1] | 18,168 | 16,279 | 1,889 |
| Adjust: joint venture revenue | (666) | (3,230) | 2,564 |
| IFRS revenue per consolidated financial statements | 17,502 | 13,049 | 4,453 |
| | | | |
| Total assets | $ 702,038 | $ 566,567 | $ 135,471 |
| Total liabilities | 201,904 | 209,328 | (7,424) |
| Dividends declared & paid to shareholders | 2,074 | 2,090 | (16) |
| | | | |
| Adjusted EBITDA (1) | 14,590 | 12,723 | 1,867 |
| Adjusted operating cash flow (1) | 8,810 | 13,228 | (4,418) |
| Net earnings (loss) | 11,804 | (3,167) | 14,971 |
| | | | |
| Attributable revenue per share (1) | $ 0.43 | $ 0.39 | $ 0.04 |
| Adjusted EBITDA per share (1) | 0.35 | 0.30 | 0.05 |
| Adjusted operating cash flow per share (1) | 0.21 | 0.32 | (0.11) |
| Net earnings (loss) per share, basic and diluted | 0.28 | (0.06) | 0.34 |

[1] *See non-IFRS measures section for definition and reconciliation*



Altius

Attributable revenue (see non-IFRS measures) was $17,760,000 ($0.43 per share) in the first quarter of 2021, which was 9% higher than the $16,279,000 ($0.39 per share) recorded in the comparable quarter in 2020. The increase in revenue is mainly as a result of higher commodity prices and higher LIORC dividends received.

Adjusted EBITDA in the quarter ended March 31, 2021 was $14,590,000 ($0.35 per share), 15% higher than $12,723,000 ($0.30 per share) for the prior year comparable quarter. Increased adjusted EBITDA for the quarter ended March 31, 2021 is in line with the increased royalty revenue. The EBITDA margin in the first quarter of 82% was slightly higher than the 78% for the comparable quarter in 2020.

Adjusted operating cash flow of $8,810,000 ($0.21 per share) was 33% lower than the $13,228,000 ($0.32 per share) generated in Q1 2020. The decrease for the quarter is a result of higher cash tax installments compared to the prior year as a result of flexibility granted regarding timing of payments in light of Covid-19 related economic concerns.

Net earnings during the three months ended March 31, 2021 were $11,804,000 ($0.28 per share) compared to a net loss of $3,167,000 ($0.06 per share) recorded in the comparable three month period in 2020. Net earnings in the current year quarter was positively impacted by increased revenue and lower costs and an impairment reversal whereas the prior year comparable quarter was negatively impacted by a non-cash impairment charge in an associate (Alderon), as well as higher costs and taxes.

Total assets net of total liabilities increased by approximately $142,000,000 over the comparable period in the prior year as a result of revaluation gains on investments and the monetization of investments in the Project Generation business resulting in gains on disposition, which are described in further detail below as well as the proceeds raised from ARR on its IPO.

## Costs and Expenses

| In Thousands of Canadian Dollars | Three months ended | | |
|---|---|---|---|
| Costs and Expenses | March 31, 2021 | March 31, 2020 | Variance |
| General and administrative | $ 1,902 | $ 2,025 | $ (123) |
| Cost of sales - copper stream | 1,021 | 1,326 | (305) |
| Share-based compensation | 716 | 486 | 230 |
| Generative exploration | 8 | 139 | (131) |
| Exploration and evaluation assets abandoned or impaired | - | 70 | (70) |
| Mineral rights and leases | 30 | 42 | (12) |
| Amortization and depletion | 4,824 | 3,915 | 909 |
| | $ 8,501 | $ 8,003 | $ 498 |

General and administrative expenses for the three months ended March 31, 2021 were $123,000 or 6% lower than the three month prior year period. The impact of COVID-19 continues to affect overall general and administrative costs as indicated by lower travel related and general office costs in the current quarter offset by small increases in salary related and insurance costs. As a result of the October 2020 Apollo transaction, GBR is now a joint venture and GBR general and administrative costs are no longer included on a consolidated basis but as a proportionate share of earnings (loss) in joint venture earnings (loss). This has also contributed to lower general and administrative costs.

ARR incurred decreased salary and office costs of approximately $186,000 during the current quarter as compared to $498,000 in the comparable prior year period. This decrease is due to GBR's general and administrative costs no longer being included on a consolidated basis but as a proportionate share of earnings (loss) in joint venture earnings (loss). In future periods it is expected that the ARR related costs will be offset by asset growth and higher revenues as renewable energy royalty investments are completed and projects subject to royalty begin to commission.

A significant component of general and administrative expenses of the Corporation relate to the administration and staffing of its Project Generation segment. During the three months ended March 31, 2021 this amounted to $582,000 compared to $745,000 incurred in the 2020 period. This business creates long term royalty opportunities and also receives equity positions in public companies in exchange for mineral projects and cash investments. Net cash from equity sales and purchases completed by the Project Generation business generated $2,526,000 (2020 – $982,000) in the current quarter. In considering the portion of general and administrative costs that relates to the Project Generation segment, and its negative impact on adjusted EBITDA and EBITDA margin, it is important to note that equity sales are not included as a revenue contribution but are instead recorded in the statement of comprehensive earnings.

Cost of sales for the current quarter decreased over the prior year quarter for the Chapada copper stream which are proportional to copper stream revenue. Under the streaming agreement the Corporation purchases 3.7% of the payable copper at 30% of the spot copper price. Amortization and depletion are higher for the current quarter in comparison to the prior year quarter and is reflective of higher production volumes for certain assets. A portion of amortization in the prior year quarter is related to intangible assets which were part of the GBR acquisition in 2019. This asset has since been derecognized as a result of the loss of control of GBR.

The Corporation's share-based compensation is higher during the three month period ended March 31, 2021 as compared to the same period in 2020 as a result of the issuance of subsidiary level stock options to the ARR directors. These options are convertible into equity in ARR and not the Corporation.

| In Thousands of Canadian Dollars | Three months ended March 31, 2021 | Three months ended March 31, 2020 | Variance |
|---|---|---|---|
| (Loss) earnings from joint ventures | $ (133) | $ 1,638 | $ (1,771) |
| Interest on long-term debt | (1,817) | (1,899) | 82 |
| Foreign exchange gain (loss) | 629 | (971) | 1,600 |
| Dilution gain on issuance of shares of a joint venture | 358 | - | 358 |
| Unrealized gain (loss) on fair value adjustment of derivatives | 4,224 | (829) | 5,053 |
| Share of earnings (loss) and impairment reversal in associates | 1,426 | (4,004) | 5,430 |
| Income tax (expense) recovery | (1,884) | (2,148) | 264 |

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

- Effective August 1, 2020, as a result of the acquisition of additional partnership units, the Corporation began reporting the Coal Royalty ("CRLP") and Genesee Royalty Limited Partnership's ("GRLP") revenue and costs on a 100% basis within the statement of earnings on a consolidated basis instead of as earnings in joint venture, resulting in lower earnings from joint venture for the current quarter. The Corporation began accounting for its interest in GBR as a joint venture effective October 11, 2020 and however prior to that was consolidated within the Corporation's results.

- The Corporation equity accounts for its shareholdings in Alderon and Adventus Mining Corporation ("Adventus") and has recorded its share of earnings in associate of $1,426,000 (March 31, 2020 -loss of $4,004,000) for the quarter ended March 31, 2021. During the current quarter, the Corporation reversed an impairment charge incurred during Q1 2020 on a portion of the loan receivable of $1,625,000 from Alderon as a result of the Champion acquisition noted above. The remaining balance in the current year quarter relates to $199,000 in equity losses from our share of ownership in Adventus.

- During the quarter ended March 31, 2021 the Corporation recorded a dilution gain of $358,000 (March 31, 2020 - $nil) in relation to additional investments made by Apollo Funds in the GBR joint venture.

- An unrealized gain on the fair value of derivatives related to the revaluation of share purchase warrants on junior mining equities was recorded for the quarter compared to an unrealized loss in the prior year quarter.

- Increased foreign exchange gains recorded in the three months ended March 31, 2021 were driven by exchange rate changes in the current quarter in comparison to the prior year comparable period.

- Tax expense is lower during the three months ended March 31, 2021 in comparison to March 31, 2020 reflecting reductions in the tax rates in Alberta period over period.

## Segment Performance

The Corporation manages its business under two operating segments, consisting of the acquisition and management of producing and development stage royalty and streaming interests ("Mineral Royalties") and the acquisition and early stage exploration of mineral resource properties with a goal of vending the properties to third parties in exchange for early stage royalties and minority equity or project interests ("Project Generation"). It also holds a majority interest in publicly traded ARR, which is focused on the acquisition and management of renewable energy investments and royalties ("Renewable Royalties")

A summary of the Corporation's attributable royalty revenue and key highlights is as follows:

| In Thousands of Canadian Dollars | Three months ended | | |
|---|---|---|---|
| Summary of attributable royalty revenue | March 31, 2021 | March 31, 2020 | Variance |
| Revenue | | | |
| Base metals | | | |
| 777 Mine | $ 3,535 | $ 2,299 | $ 1,236 |
| Chapada | 3,461 | 4,133 | (672) |
| Voisey's Bay | 631 | 127 | 504 |
| Metallurgical Coal | | | |
| Cheviot | 58 | 590 | (532) |
| Thermal (Electrical) Coal | | | |
| Genesee | 2,447 | 1,326 | 1,121 |
| Paintearth | - | 75 | (75) |
| Sheerness | 479 | 1,030 | (551) |
| Highvale | - | 82 | (82) |
| Potash | | | |
| Cory | 312 | 223 | 89 |
| Rocanville | 2,362 | 2,976 | (614) |
| Allan | 223 | 196 | 27 |
| Patience Lake | 156 | 139 | 17 |
| Esterhazy | 966 | 861 | 105 |
| Vanscoy | 49 | 9 | 40 |
| Lanigan | 4 | 2 | 2 |
| Iron ore [1] | 2,874 | 1,006 | 1,868 |
| Other | | | |
| Renewables | 35 | 907 | (872) |
| Coal bed methane | 153 | 134 | 19 |
| Interest and investment | 15 | 164 | (149) |
| Attributable royalty revenue | $ 17,760 | $ 16,279 | $ 1,481 |

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

*[1] LIORC dividends received*

| Summary of attributable royalty volumes and average prices | Three months ended March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Tonnes | Average price [1] | Tonnes | Average price [1] |
| Chapada copper [3] | 337 | $3.66 US / lb | 502 | $2.83 US / lb |
| 777 copper [4] | 4,497 | $3.87 US / lb | 2,691 | $2.55 US / lb |
| 777 zinc [4] | 7,608 | $1.25 US / lb | 9,432 | $0.96 US / lb |
| Potash [5] | 491,374 | $360 / tonne | 449,324 | $354 / tonne |
| Metallurgical coal | 13,172 | $129 / tonne | 88,343 | $184 / tonne |
| Thermal (electrical) coal [2,5] | 510,778 | N/A | 452,900 | 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)*

## Mineral Royalties

Base metal (primarily copper) revenue was positively impacted by improved year over year prices but was offset during the quarter by seasonally lower copper concentrate production as a higher percentage of ore was necessarily sourced from low-grade stockpiles, timing of sales and residual lag impacts from a Q4 2020 unplanned production interruption at Chapada. This was partially offset by strong mill throughputs and the operator has re-iterated full year production guidance.

Revenue from both 777 and Voisey's Bay were higher on a year over year comparable period basis on the strength of improved commodity prices and higher copper head grades at 777. A nominal payment was received from Gunnison related to sales of copper recovered during start-up operations to mark first royalty revenue from this asset.

### *Chapada Copper Stream*

First quarter revenue at Chapada was impacted by the timing of sales with a delay of a vessel resulting in a shipment that was scheduled for March sailing in the first week of April. Despite a 29% improvement in realized prices, revenue at Chapada in the first quarter of 2021 was down 16% relative to the previous year comparable quarter. Having produced 9,800 tonnes of copper in Q1 at Chapada, Lundin reiterated copper guidance of 48,000- 53,000 tonnes at the mine. A near mine exploration update was also presented with Lundin's Q1 2020 results which included an 80% increase in the size of the land package and continued near-mine exploration success.

### *777 Copper-Zinc-Gold-Silver Royalty*

Royalty revenues from Hudbay's 777 Mine were 54% higher this quarter compared to the same quarter in 2020 as a result of the strength of improved realized base and precious metals prices, as well as increased mine head grade. Notable was a marked increase in copper grades; this increase was partially offset by lower throughput tonnes this quarter compared to the same quarter in 2020.

### *Voisey's Bay Nickel-Copper-Cobalt Royalty*

First quarter 2021 revenues were $631,000 compared to $127,000 in the comparable period in 2020 on account of the strength of improved commodity prices. At Voisey's Bay, finished copper production was 15.1% higher in the first quarter of 2021 than the comparable quarter in

2020. Finished cobalt production was 34.8% higher during the three months ended March 31, 2021 in comparison to the 2020 three month period and finished nickel was 42.5% higher quarter over quarter.

*Saskatchewan Potash Royalties*

Revenue from potash operations on which Altius holds royalties were 9% lower for the three months ended March 31, 2021 compared to the same period in 2020, which saw a one-time addition of $690,000 related to a reconciliation of prior period payments. Looking beyond this one-time payment in Q1 2020, potash revenues are growing on the back of strengthening potash prices over the course of the quarter.

Potash market prices have strengthened considerably over the past several months and these are expected to begin to be reflected in realized prices in coming periods in relation to normal product delivery and sale lag impacts. Both operators of the 6 potash mines on which we hold royalties are expecting a further modest increase in global demand in 2021 following a strong rebound in demand in 2020.

*Alberta Electrical Coal Royalties*

Royalty revenues from thermal (electrical) coal assets were 16% higher than the prior year quarter for the three months ended March 31, 2021 while attributable production volumes were 13% higher. Production levels from the Genesee mine were comparable to the prior year period but were considerably lower at Sheerness, which is approaching planned closure. The increase in revenue over the prior comparable period reflects a higher year over year ownership interest in the partnership that holds the royalties. The acquisition of additional royalty partnership units from Liberty Metals & Mining Holdings LLC announced on July 27,2020 for a net cost of $8,957,000 resulted in incremental revenue of $5,385,000 from the date of purchase to March 31, 2021.

*Iron Ore*

The Corporation's iron ore revenue stems from the pass-through of royalties and equity dividends paid by Iron Ore Company of Canada ("IOC") to Labrador Iron Ore Royalty Corp ("LIORC"). LIORC operates as a passive flow-through vehicle for proceeds from a 7% gross overriding royalty and a 15.1% equity position held by LIORC on the IOC operations in Labrador, Canada. During the quarter ended March 31, 2021 LIORC announced cash dividends of $1.00 per share versus a first quarter 2020 dividend of $0.35 per share.

Revenue from LIORC for the first quarter 2021 and 2020 was $2,874,000 and $1,006,000 respectively. The earlier period included royalty-based income only as the mine operator elected to temporarily withhold quarterly operating level distributions in light of uncertainties at the time related to potential Covid-19 impacts.

IOC has declared force majeure on certain customer shipments due to a fire at its port facilities that has resulted in reduced ship-loading rates. It has nevertheless re-iterated full year production and sales guidance as it expects to be able to offset current shortfalls with increased loading rates later in the year. Market prices and demand for high-purity iron ore products of the type produced by IOC have been at record levels thus far in 2021 as strong global steel demand and margins have been accompanied by stricter emissions controls in China. Higher purity forms of iron ore inputs generally result in lower carbon and other emissions during steel-making.

### Renewable Royalties

*Altius Renewable Royalties*

On March 1, 2021 ARR announced that the JayHawk Wind project in Crawford and Bourbon Counties, Kansas was sold to WEC Energy Group (NYSE: WEC) and Invenergy including a renewable power purchase agreement with Facebook. This project was sold by Apex Clean

Energy ("Apex") and is subject to 2.5% royalty in favour of GBR. Construction of this project has commenced and commercial operations are expected in late 2021.

During the quarter ended March 31, 2021, GBR completed an additional milestone-based tranche investment of US$3,000,000 under its agreement with Tri-Global Energy ("TGE").

Subsequent to the quarter ended March 31, 2021 ARR announced the sale of three additional renewable energy projects by TGE. These included the 180 MW Hoosier Line Wind project (3% royalty) and the 400 MW Honey Creek Solar project (1.5% royalty) to Leeward Renewable Energy, a portfolio company of Canadian pension fund subsidiary OMERS Infrastructure. In addition, ARR announced the sale of its 175 MW Appaloosa Run Wind project (1.5% royalty) in West Texas to an established buyer.

GBR has now established royalties on 6 projects under its financing agreements with Apex and TGE that collectively represent approximately 1700 MW of solar and wind power.

ARR, through GBR, continued during the quarter to advance due diligence investigations and negotiations with several other renewable energy operators and developers relating to additional potential royalty financing transactions.

### *Other Renewable Royalties*

Renewables based revenue was lower due to a one-time recognition of timber sales from the Pickett Mountain royalty in Maine during the prior year period.

## Project Generation

### *Pre-Production Royalties & Junior Equities Portfolio Highlights*

The Corporation's junior equities portfolio had a market value of $54,200,000 at March 31, 2021. This amount excludes the market value of LIORC and several privately held investments, which stood at $106,417,000 and $10,930,000 respectively. During the three months ended March 31, 2021 the Corporation generated positive cash proceeds from sales in its junior equities portfolio, net of new investments, totaling $2,500,000. The Corporation recognized a gain on disposition of these investments of approximately $3,915,000 in the consolidated statement of comprehensive earnings.

Altius anticipates approximately 170 kms of drilling exposure through its portfolio of exploration and development focused equities and royalties in 2021, while in 2020 approximately $150 million in third party capital financing was arranged by portfolio companies to further the advancement of mineral projects that Altius has exposure to through royalty and/or equity interests. This success in capital attraction signals the beginning of a period of increased exploration and development activity across our Project Generation related holdings.

During the quarter ended March 31, 2021 the Corporation vended a district-scale gold project in Newfoundland and continues to assemble and market new base metals projects for which it will be seeking partners in the year ahead.

## Advanced Stage Projects

### *Adventus Mining Corporation*

Adventus, with partner Salazar Resources, continued to advance its Ecuadorian exploration project portfolio, and continued to report positive delineation drilling results from the copper and gold rich El Domo deposit located within the Curipamba project. A feasibility study for El Domo is scheduled to be completed in the fourth quarter of 2021 and is expected to allow a construction decision in early 2022. In addition to its equity holding of 12% in Adventus, Altius holds a 2% net smelter return (“NSR”) royalty covering the Curipamba project as well as royalties covering several additional exploration projects located in Ireland and Newfoundland.

*Champion*

Altius holds a 3% GSR on the Kami project, where Champion has stated a near-term plan to revise the project's scope and update the prior feasibility study as it considers further growth alternatives within the district (see Quarterly Highlights for additional information).

*Excelsior Mining Corp.*

Excelsior announced first copper cathode sales from the Gunnison copper project in Arizona early in the quarter while it advances programs designed to ramp-up production to a stage 1 target rate of 25 million pounds per year. Excelsior also completed an equity financing for gross proceeds of C$31,682,500 during the quarter. Altius is a shareholder of Excelsior and owns an underlying 1.625% GSR covering the Gunnison project.

*Orogen Royalties*

The Corporation increased its equity ownership in Orogen Royalties (“Orogen”) to approximately 14.6% during the quarter. Orogen holds a 2% NSR royalty on the construction-stage Ermitaño gold-silver project in Mexico, for which First Majestic Silver Corp. recently announced an increased resource estimate. Orogen also holds a 1% NSR royalty on the Silicon gold project located in the Bare Mountain District, Nevada, where AngloGold Ashanti is continuing an extensive drilling program after having previously made positive comments regarding Silicon in a media interview. AngloGold Ashanti has not published any exploration results to date from Silicon. In addition to its equity stake in Orogen, Altius also owns a direct 1.5% NSR royalty related to the Silicon project.

Altius holds other mineral rights targeting base, precious metals and diamond exploration opportunities in Canada (Newfoundland & Labrador, Manitoba, Saskatchewan, British Columbia), and the United States (Michigan), for which it is seeking capable partners.

The technical information contained in this MD&A has been reviewed and approved by Lawrence Winter, Ph.D., P.Geo., Vice-President of Exploration, a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

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.

## Cash Flows, Liquidity and Capital Resources

| In Thousands of Canadian Dollars | Three months ended | |
|---|---|---|
| Summary of Cash Flows | March 31, 2021 | March 31, 2020 |
| Operating activities | $ 8,540 | $ 9,167 |
| Financing activities | 81,626 | 36,724 |
| Investing activities | (74) | (35,968) |
| Net increase in cash and cash equivalents | 90,092 | 9,923 |
| Cash and cash equivalents, beginning of year | 21,804 | 22,128 |
| Cash and cash equivalents, end of year | $ 111,896 | $ 32,051 |

*Operating Activities*

Operating cash generated during the quarter ended March 31, 2021 is lower than that of the prior year quarter despite the increase in overall royalty revenues. This is mainly a result of the timing of cash taxes paid offset by lower general and administrative costs and lower costs of sales under the Chapada copper stream agreement.

*Financing Activities*

During the prior year quarter the Corporation completed a draw-down of $47,326,000 on its revolving credit facility which was used to fund GBR's renewable royalty investment agreement with Apex. The Corporation repaid $5,000,000 during both of the quarters ended March 31, 2021 and 2020 related to its term loan facility.

Distributions on the Corporation's preferred securities totaled $1,260,000 for the quarters ended March 31, 2021 and 2020.

The Corporation distributed $400,000 to a non-controlling interest holder in the Potash, Genesee and Coal Royalty Limited Partnerships during the March 31, 2021 quarter. In the comparable quarter in 2020, the Corporation received funds net of the distributions of $433,000. The Corporation's subsidiary, ARR, received net cash proceeds on its IPO of $92,016,000 during current year quarter.

The Corporation paid cash dividends of $1,925,000 (March 31, 2020 - $2,090,000) to its shareholders in the quarter ended March 31, 2021 and issued 10,992 common shares valued at $149,000 through the Corporation's Dividend Reinvestment Plan.

During the first quarter in 2021 the Corporation repurchased and cancelled 473,400 (March 31, 2020 – 255,600) common shares under its normal course issuer bid for a total cost of $7,363,000 (March 31, 2020 - $2,643,000). 400,000 warrants which were issued to Yamana Gold Inc. on May 3, 2016 at an exercise price of $14.00 with an expiry date of May 3, 2021 were exercised on February 26, 2021 for $5,600,000.

*Investing Activities*

The Corporation acquired an additional 44.935% ownership in CRLP and GRLP for net cash consideration paid of $8,957,000 and as of August 1, 2020 distributions from CRLP and GRLP were no longer recorded as distributions from joint ventures. This resulted in lower joint venture-based royalty cashflow of $270,000 being recorded in the current three month period ended March 31, 2021 as compared to $4,061,000 recorded in the prior year.

The Corporation acquired additional potash royalty interests in the Esterhazy mine at a cost of $296,000 in the current quarter compared to $2,000 in other royalty acquisitions for the prior year period.

The Corporation used $6,645,000 (March 31, 2020 - $54,774,000) in cash to acquire investments during the three months ended March 31, 2021. Of this amount, $3,992,000 was used to add to the junior equities portfolio and $2,233,000 was used to fund part of the Corporation's LRC related investment as described above. $52,934,000 was used in the prior year period to add to GBR's TGE and Apex renewable energy investments. The remaining prior year investment acquisition included $1,840,000 added to the LIORC position.

The Corporation received $6,938,000 from the sale of junior equity investments for the three months ended March 31, 2021 (March 31, 2020 - $16,033,000). The prior year consisted mainly of proceeds of $15,052,000 received from the sale of LIORC shares.

## Liquidity

At March 31, 2021 the Corporation had current assets of $127,182,000, consisting of $111,896,000 in cash and cash equivalents (of which $92,898,000 relates to the ARR IPO proceeds and $13,786,000 primarily in accounts receivable, loan receivable and prepaid expenses, with the remainder in income taxes receivable. Current liabilities of $29,009,000 include the current portion of long-term debt obligations of $20,000,000 per year, which are paid quarterly. The Corporation's major sources of free cash flow are from royalty income and streaming revenue, cash receipts from royalty partnership interests, sales of direct and indirect exploration investments, and investment income. The Corporation monetized certain portfolio investments during the quarter ended March 31, 2021 and generated $6,938,000 in cash. At March 31, 2021 the Corporation has approximately $42,000,000 of available liquidity under its revolving credit facility.

## Summary of Quarterly Financial Information

The table below outlines select financial information related to the Corporation's attributable revenue, adjusted EBITDA, adjusted operating cash flow, net (loss) earnings and per share amounts for the most recent eight quarters. The financial information is extracted from the Corporation's condensed consolidated financial statements and should be read in conjunction with those statements and the annual audited consolidated financial statements.

| In Thousands of Canadian Dollars, except per share amounts | March 31, 2021 | December 31, 2020 | September 30, 2020 | June 30, 2020 |
|---|---|---|---|---|
| Attributable revenue (1) | $ 17,760 | $ 21,959 | $ 16,229 | $ 13,035 |
| Adjusted EBITDA (1) | 14,590 | 17,623 | 12,426 | 10,048 |
| Adjusted operating cash flow (1) | 8,810 | 13,520 | 7,330 | 13,378 |
| Net earnings (loss) attributable to common shareholders | 11,804 | 12,422 | (39,923) | 4,186 |
| Attributable revenue per share (1) | $ 0.43 | 0.53 | 0.39 | 0.31 |
| Adjusted EBITDA per share (1) | 0.35 | 0.43 | 0.30 | 0.24 |
| Adjusted operating cash flow per share (1) | 0.21 | 0.33 | 0.18 | 0.32 |
| Net earnings (loss) per share - basic and diluted | 0.28 | 0.30 | (0.96) | 0.10 |
| In Thousands of Canadian Dollars, except per share amounts | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
| Attributable revenue (1) | $ 16,279 | $ 17,557 | $ 19,256 | $ 19,538 |
| Adjusted EBITDA (1) | 12,723 | 13,624 | 15,241 | 16,344 |
| Adjusted operating cash flow (1) | 13,228 | 9,442 | 14,368 | 11,849 |
| Net earnings (loss) attributable to common shareholders | (3,546) | 8,842 | 4,450 | (2,068) |
| Attributable revenue per share (1) | $ 0.39 | $ 0.41 | $ 0.45 | $ 0.46 |
| Adjusted EBITDA per share (1) | 0.30 | 0.32 | 0.35 | 0.38 |
| Adjusted operating cash flow per share (1) | 0.32 | 0.22 | 0.33 | 0.28 |
| Net earnings (loss) per share - basic and diluted | (0.08) | 0.21 | 0.10 | (0.05) |

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

Adjusted EBITDA is derived primarily from the high margin royalty business, which includes attributable royalty and streaming revenue from our 12 producing mines, all net of G&A and operating costs. Attributable royalty revenue is contingent on many factors including commodity prices, mine production levels, mine sequencing, maintenance schedules and the timing of concentrate shipments, which in some cases are affected by seasonality and outside events. Adjusted EBITDA is largely proportionate with royalty revenue while earnings have been impacted by non-cash impairments, and unrealized losses and gains. Adjusted operating cash flow is derived from cash flow from operations and adjusted to include distributions from joint ventures on the basis that the joint venture cash flows form part of our royalty business. The changes in adjusted operating cash flow is generally consistent with royalty revenue as well as interest and taxes paid. During the quarter, royalty revenue was mainly impacted by higher base metal prices offsetting impacts of temporary interruptions from the fourth quarter of 2020 and a higher quarterly dividend declared by LIORC.

Net earnings are affected primarily by revenue net of operating expenses as noted above but are also affected by the realization of both cash and non-cash gains or losses on the Corporation's investments, mineral properties and mineral exploration alliances and the equity accounting of some investments.

## Commitments and Contractual Obligations

The Corporation has obtained various mineral rights in Canada, the United States, and Australia 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 thereon. 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. In aggregate, the Corporation is required to spend an additional $2,372,000 by March 31, 2022 of which $1,142,000 is required spending by partners, in order to maintain its existing licenses in good standing.

As at March 31, 2021 the following principal repayments for the Corporation's credit facilities are required over the next 3 calendar years:

| In Thousands of Canadian Dollars | Term | Revolver | Total |
|---|---|---|---|
| 2021 | $ 20,000 | $ - | $ 20,000 |
| 2022 | 20,000 | - | 20,000 |
| 2023 | 30,000 | 58,328 | 88,328 |
| | $ 70,000 | $ 58,328 | $ 128,328 |

The Corporation has committed to pay, on the anniversary date of November 1, a limited royalty to McChip Resources Inc. of $500,000 per year for the next seven years based on a minimum production and grade threshold at the Rocanville mine. The 2021 payment will be made in the fourth quarter of 2021.

The Corporation is committed under leases on office space including operating costs for future minimum lease payments of $168,000 per annum until the lease expires in August 2026.

## Related Party Transactions

During the three months ended March 31, 2021 the Corporation was billed $6,100 by an investment in an associate (Adventus) (March 31, 2020 - $6,100) for general administrative expenses. During the three months ended March 31, 2021 the Corporation's subsidiary was billed $86,600 (US$68,400) from a joint venture (GBR) (March 31, 2020 - $nil) for management and administrative expenses. During the three months ended March 31, 2021 the Corporation billed a joint venture (GBR) $22,300 (US$17,500) (March 31, 2020 - $nil) for administrative services.

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 five 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.

During the three months ended March 31, 2021 the Corporation paid compensation to key management personnel and directors of $1,558,400 (March 31, 2020- $1,669,000) related to salaries and benefits and incurred $551,000 (March 31, 2020 - $486,000) in share-based compensation costs.

These transactions are in the normal course of operations and are measured at fair value, which is the amount of consideration established and based on the prevailing market rates. 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.

## 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.

## New Accounting Policies

The Corporation has not adopted any new accounting policies during the quarter ended March 31, 2021.

## 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 March 31, 2021 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the quarter ended March 31, 2021. There has been no change in the Corporation's internal control over financial reporting during the Corporation's quarter ended March 31, 2021 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 March 31, 2021 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.

## 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 December 31, 2020 for a complete listing of risk factors specific to the Corporation. The following risk, while disclosed in the year end MD&A, has been identified in the current period as critical.

### *COVID-19*

The current outbreak of the novel coronavirus (COVID-19) declared by the World Health Organization in March 2020, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions. In response to the outbreak, governmental authorities in Canada, the United States and other countries have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The efforts to contain COVID-19 have negatively impacted the global economy, disrupted manufacturing operations as well as global supply chains and created significant volatility and disruption of financial markets. Moreover, COVID-19 may result in a global recession. Businesses in many countries around the globe, including in Canada and the United States, have been required to close, or materially alter their day-to-day operations, which may prevent many businesses from operating. These containment measures are subject to change and the respective government authorities may tighten the restrictions at any time.

The Corporation has been closely monitoring developments related to COVID-19. In response, the Corporation is following all applicable rules and regulations as set out by the relevant health authorities and when necessary, taking action. For example, the Corporation has implemented remote working policies and has increased cleaning and safety protocols. Given the nature of the Corporation's business, the impacts of COVID-19 on the Corporation to date have not been material and the Corporation does not anticipate any future material disruptions in its ability to conduct its business as a result of COVID-19. Further the Corporation is not aware of any material impacts on the Corporation's royalty or other assets. However, the extent to which COVID-19 will impact the Corporation's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including: actions that may be taken by governments and private businesses to attempt to contain COVID-19, the duration of the outbreak and new information that may emerge concerning the severity of COVID-19, among others. In particular, while the impact of COVID-19 on the mineral and mining sector as well as the supply chain in the construction and development space has not yet resulted in any material widespread issues, the potential for future issues stemming from COVID-19 still exists. Any present or future impacts in these areas could influence existing operations, projects under development and delay the development of future projects.

The Corporation may take further actions as may be required by government authorities or as it determines are in the best interests of its business partners. There is no guarantee that the Corporation, or mine operators and or developers in which the Corporation invests, will not experience significant disruptions in the future. Moreover, the spread of COVID-19 globally is expected to have a material adverse effect on global and regional economies and could negatively impact stock markets. These adverse effects on the economy, the stock market and potentially the Corporation's share price could adversely impact the Corporation's ability to raise capital. Any of these developments, and others, could have a material adverse effect on the Corporation's profitability, results of operation and financial condition, could delay its business development plans and could heighten many of the risks described in the "Risk Factors" section.

### Outstanding Share Data

At May 11, 2021 the Corporation had 41,457,706 common shares outstanding, 6,270,000 warrants outstanding and 1,141,701 stock options outstanding.

### 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 and other income 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). Attributable revenue per share is derived by using the basic weighted average number of shares for the period as the denominator.

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. Adjusted operating cash flow per share is derived by using the basic weighted average number of shares for the period as the denominator.

3. Adjusted EBITDA is defined by the Corporation as net earnings (loss) before taxes, amortization, interest, non-recurring items, non-cash amounts such as impairment, 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. Adjusted EBITDA per share is derived by using the basic weighted average number of shares for the period as the denominator. EBITDA margin is calculated using adjusted EBITDA as the numerator and attributable revenue as the denominator.

Below are the eight most recent quarter reconciliations.

| In Thousands of Canadian Dollars | Three months ended, | | | |
|---|---|---|---|---|
| Reconciliation to IFRS measuresAttributable revenue | March 31, 2021 | December 31, 2020 | September 30, 2020 | June 30, 2020 |
| Revenue | | | | |
| Attributable royalty | $ 17,760 | $ 21,959 | $ 16,229 | $ 13,035 |
| Project generation | 408 | - | - | - |
| Attributable revenue | 18,168 | 21,959 | 16,229 | 13,035 |
| Adjust: joint venture revenue | (666) | (484) | (966) | (2,765) |
| IFRS revenue per consolidated financial statements | $ 17,502 | $ 21,475 | $ 15,263 | $ 10,270 |

| In Thousands of Canadian Dollars | Three months ended | | | |
|---|---|---|---|---|
| Reconciliation to IFRS measuresAttributable revenue | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 20219 |
| Revenue | | | | |
| Attributable royalty | $ 16,279 | $ 17,497 | $ 19,231 | $ 19,533 |
| Project generation | - | 60 | 25 | 5 |
| Attributable revenue | 16,279 | 17,557 | 19,256 | 19,538 |
| Adjust: joint venture revenue | (3,230) | (4,172) | (3,674) | (4,353) |
| IFRS revenue per consolidated financial statements | $ 13,049 | $ 13,385 | $ 15,582 | $ 15,185 |

| In Thousands of Canadian Dollars | Three months ended, | | | |
|---|---|---|---|---|
| Adjusted operating cash flow | March 31, 2021 | December 31, 2020 | September 30, 2020 | June 30, 2020 |
| Adjusted operating cash flow | $ 8,810 | $ 13,520 | $ 7,330 | $ 13,378 |
| Adjust: distributions to (from) joint ventures | (270) | (334) | (2,703) | (3,239) |
| IFRS operating cash flows | $ 8,540 | $ 13,186 | $ 4,627 | $ 10,139 |

| In Thousands of Canadian Dollars | Three months ended, | | | |
|---|---|---|---|---|
| Adjusted operating cash flow | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 20219 |
| Adjusted operating cash flow | $ 13,228 | $ 9,442 | $ 14,368 | $ 11,849 |
| Adjust: distributions from joint ventures | (4,061) | (3,550) | (4,319) | (4,698) |
| IFRS operating cash flows | $ 9,167 | $ 5,892 | $ 10,049 | $ 7,151 |

| In Thousands of Canadian Dollars | Three months ended | | | |
|---|---|---|---|---|
| Reconciliation to IFRS measures Adjusted EBITDA | March 31, 2021 | December 31, 2020 | September 30, 2020 | June 30, 2020 |
| Earnings (loss) before income taxes | $ 13,688 | $ 16,308 | $ (38,338) | $ 4,021 |
| Addback(deduct): | | | | |
| Amortization and depletion | 4,824 | 5,787 | 4,939 | 3,408 |
| Exploration and evaluation assets abandoned or impaired | - | - | - | 10 |
| Share based compensation | 716 | 461 | 487 | 2,550 |
| Interest on long-term debt | 1,817 | 1,965 | 2,360 | 1,853 |
| Gain on disposal of investments | - | (241) | (368) | - |
| Unrealized (gain) loss on fair value adjustment of derivatives | (4,224) | (1,613) | 897 | (2,162) |
| Dilution gain on issuance of shares in associates and joint venture | (358) | (290) | (2,634) | - |
| Share of (earnings) loss and impairment reversal in associates | (1,426) | (136) | (36) | 276 |
| (Earnings) loss from joint ventures | 133 | 152 | (459) | (1,008) |
| LNRLP EBITDA (1) | 504 | 280 | 330 | 70 |
| Prairie Royalties EBITDA (2) | - | - | 532 | 2,671 |
| GBR EBITDA (3) | (455) | (171) | - | - |
| Impairment of royalty interests | - | 530 | 45,617 | - |
| Foreign currency (gain) loss | (629) | (1,622) | (901) | (1,641) |
| Gain on deconsolidation of subsidiary | - | (790) | - | - |
| Gain on disposal of royalty interest | - | (2,997) | - | - |
| Adjusted EBITDA | $ 14,590 | $ 17,623 | $ 12,426 | $ 10,048 |
| | | | | |
| (1) LNRLP EBITDA | | | | |
| Revenue | $ 631 | $ 358 | $ 434 | $ 93 |
| Mining taxes | (126) | (71) | (87) | (19) |
| Admin charges | (1) | (7) | (17) | (4) |
| LNRLP Adjusted EBITDA | $ 504 | $ 280 | $ 330 | $ 70 |
| | | | | |
| (2) Prairie Royalties EBITDA | | | | |
| Revenue | $ - | $ - | $ 532 | $ 2,672 |
| Operating income (expenses) | - | - | - | (1) |
| Prairie Royalties Adjusted EBITDA | $ - | $ - | $ 532 | $ 2,671 |
| | | | | |
| (3) GBR EBITDA | | | | |
| Revenue | $ 35 | $ 126 | $ - | $ - |
| Operating income (expenses) | (490) | (297) | - | - |
| GBR Adjusted EBITDA | $ (455) | $ (171) | $ - | $ - |

| In Thousands of Canadian Dollars | Three months ended | | | |
|---|---|---|---|---|
| Reconciliation to IFRS measures<br>Adjusted EBITDA | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
| Earnings before income taxes | $ (1,019) | $ 9,034 | $ 6,166 | $ (2,881) |
| Addback(deduct): | | | | |
| Amortization and depletion | 3,915 | 4,014 | 4,061 | 3,801 |
| Exploration and evaluation assets abandoned or impaired | 70 | 35 | - | 9,004 |
| Share based compensation | 486 | 382 | 544 | 663 |
| Interest on long-term debt | 1,899 | 2,018 | 1,982 | 2,092 |
| Unrealized (gain) loss on fair value adjustment of derivatives | 829 | 54 | (60) | (955) |
| Dilution gain on issuance of shares by associates | - | - | (1,114) | (1,199) |
| Share of (earnings) loss and impairment in associates | 4,004 | 751 | 884 | 903 |
| (Earnings) loss from joint ventures | (1,638) | (2,463) | (869) | 673 |
| LNRLP EBITDA (1) | 99 | 219 | 291 | 202 |
| Prairie Royalties EBITDA (2) | 3,107 | 3,808 | 3,313 | 4,093 |
| Foreign currency loss | 971 | 22 | 43 | (52) |
| Gain on disposal of mineral property | - | (4,250) | - | - |
| Adjusted EBITDA | $ 12,723 | $ 13,624 | $ 15,241 | $ 16,344 |

| (1) LNRLP EBITDA | | | | |
|---|---|---|---|---|
| Revenue | $ 127 | $ 337 | $ 369 | $ 252 |
| Mining taxes | (25) | (63) | (78) | (50) |
| Admin charges | (3) | (55) | - | - |
| LNRLP Adjusted EBITDA | $ 99 | $ 219 | $ 291 | $ 202 |

| (2) Prairie Royalties EBITDA | | | | |
|---|---|---|---|---|
| Revenue | $ 3,103 | $ 3,835 | $ 3,305 | $ 4,101 |
| Operating expenses | 4 | (27) | 8 | (8) |
| Prairie Royalties Adjusted EBITDA | $ 3,107 | $ 3,808 | $ 3,313 | $ 4,093 |

## Appendix 1 – Summary of Producing Royalties and Streaming Interests

| Mine / Project | Primary Commodity | Operator | Revenue Basis |
|---|---|---|---|
| Chapada | Copper | Lundin Mining | 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 |
| Rocanville | Potash | Nutrien | Revenue |
| Cory | Potash | Nutrien | Revenue |
| Allan | Potash | Nutrien | Revenue |
| Patience Lake | Potash | Nutrien | Revenue |
| Esterhazy | Potash | Mosaic | Revenue |
| Vanscoy | Potash | Nutrien | Revenue |
| Voisey's Bay | Nickel, Copper, Cobalt | Vale | 0.3% GSR on 50% of gross metal value |
| IOC | Iron | Iron Ore Company of Canada | 7% Gross Overriding Royalty ("GOR")* |
| Carbon Development | Potash, other | Various | Revenue |
| Gunnison | Copper | Excelsior Mining Corp. | 1.625% GSR |

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

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

| PRE-FEASIBILTY/FEASIBILITY/DEVELOPMENT | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer/Developer | Royalty Basis | Status |
| Kami (Labrador) | Iron | Champion Iron Limited | 3% GSR | Updated feasibility study planned |
| Curipamba (Ecuador) | Copper | Adventus Mining Corporation | 2% NSR | PEA completed |
| Tres Quebradas (3Q) (Argentina) | Lithium | Neo Lithium Corp. | 0.1% GSR | PEA completed |
| Telkwa (British Columbia) | Met Coal | Allegiance Coal Limited | 1.5-3% price based sliding scale GSR | Definitive feasibility study completed and permitting underway |

| ADVANCED EXPLORATION | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer/Developer | Royalty Basis | Status |
| Viking (Newfoundland) | Gold | Anaconda Mining Inc | 2% NSR, plus 1-1.5% royalties on surrounding lands | Advanced Exploration; inactive |
| Central Mineral Belt (Labrador) | Copper | Paladin Energy Ltd | 2% NSR on all minerals except uranium | Advanced Exploration; inactive |
| Grota de Cirilo (Brazil) | Lithium | Sigma Lithium Resources | 0.1% GOR* | Advanced exploration |
| Stellar (Alaska) | Copper | PolarX Ltd | 2% NSR on gold; 1% NSR on base metals | Resource delineation |
| Silicon (Nevada) | Gold | Anglo Gold Ashanti NA | 1.5% NSR | Advanced Exploration |
| Pickett Mountain (Maine, USA) | Zinc, lead, copper, silver | Wolfden Resources Corp | 1.35% GSR | Preliminary Economic Assessment 43-101 Resource recently published |

| EXPLORATION | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer or Developer | Royalty Basis | Status |
| Llano del Nogal (Mexico) | Copper | Orogen Royalties Inc. | 1.5% NSR on PM; 1.0% NSR on BM | Early-stage exploration |
| Cuale (Mexico) | Copper | Orogen Royalties Inc. | 1.5% NSR on PM; 1.0% NSR on BM | Early-stage exploration |
| Jupiter (Nevada) | Gold | Orogen Royalties Inc. | 1.0% NSR | Early-stage exploration |
| Saint Patrick (Spain) | Cobalt | LRH Resources Ltd | 2% GSR | Exploration |
| Lia, Timon, Quiltro (Chile) | Copper | AbraPlata Resource Corp. | 0.98% GSR | Exploration |
| Arcas (Chile) | Copper | AbraPlata Resource Corp./ Rio Tinto | 0.98% GSR | Exploration |
| Copper Range (Michigan) | Copper | N/A | Option to acquire 1% NSR held by a third party | Exploration |
| Loro en el Hombro (Chile) | Copper | Revelo Resources Corp | 0.98% NSR on gold; 0.49% NSR on base metals | Exploration |
| Mythril (Quebec) | Copper, Gold | Midland Exploration Inc | 1% NSR | Exploration |
| Gibson (British Columbia) | Gold | Canex Metals Inc | Option to acquire a 1.5% NSR | Exploration |
| Golden Baie (Newfoundland) | Gold | Canstar Resources Inc. | 2% NSR | Exploration |
| Wilding Lake, Crystal Lake, Intersection (Newfoundland) | Gold | Canterra Minerals Corporation | 2% NSR | Exploration |
| Cape Ray (Regional) (Newfoundland) | Gold | Cape Ray Mining Limited | 2.0% NSR | Exploration |
| Elrond, Helm's Deep, Minas Tirith, Fangorn (Quebec) | Gold | Midland Exploration Inc | 1% NSR | Exploration |
| Moosehead (Newfoundland) | Gold | Sokoman Minerals Corp | 2% NSR | Exploration |
| Golden Rose | Gold | Tru Precious Metals Corp | 2% NSR | Exploration |

| EXPLORATION (Continued) | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer or Developer | Royalty Basis | Status |
| Iron Horse (Labrador) | Iron | Sokoman Minerals Corp | 1% GSR; option to acquire additional 1.1% GSR | Exploration |
| Goethite Bay (Labrador) | Iron Ore | High Tide Resources Corp. | 2.75% GSR on iron ore; 2.75% NSR on all other minerals | Exploration |
| Taylor Brook (Newfoundland) | Nickel | Churchill Diamond Corporation | 1.6% GSR | Exploration |
| Moria (Quebec) | Nickel | Midland Exploration Inc | 1% NSR | Exploration |
| Voyageur (Michigan) | Nickel | N/A | 2% NSR | Exploration |
| Sail Pond (Newfoundland) | Silver, Copper | Sterling Metals Corp. | 2% NSR | Exploration |
| Lismore (Republic of Ireland) | Zinc | BMEx Ltd | 2% NSR | Exploration |
| Midland (Ireland) | Zinc | BMEx Ltd | 1% GSR | Exploration |
| Point Leamington (Newfoundland) | Zinc | Callinex Mines Inc. | 2% NSR | Exploration |
| Buchans (Newfoundland) | Zinc | Canstar Resources Inc | 2% NSR | Exploration |
| Daniel's Harbour (Newfoundland) | Zinc | Canstar Resources Inc | 2% NSR | Exploration |
| Shire (Quebec) | Zinc | Midland Exploration Inc | 1% NSR | Exploration |
| Kingscourt, Rathkeale, Fermoy (Republic of Ireland) | Zinc | South 32 Base Metals Ireland | 2% NSR on each Project | Exploration |
| Sulieman, Buckingham, Smoky (Australia) | Zinc | Teck Australia Pty | 1% GSR | Exploration |

Appendix 3 – Summary of ARR's Operational and Development Renewable Energy Royalties

| Property | Renewable energy source | Project Owner/Developer | Facility Size | Status | Royalty basis |
|---|---|---|---|---|---|
| Clyde River | Hydro | Gravity Renewables | 5 MW | Operational | 10% of revenue |
| JayHawk | Wind | WEC Energy / Invenergy | 190 MW | Construction | 2.5% of revenue |
| Canyon | Wind | Silverpeak | 360 MW | Late-stage Development | 3% of revenue |
| Panther Grove | Wind | Copenhagen Infastructure Partners | 400 MW | Mid-stage Development | 3% of revenue |
| Flatland | Solar | Silverpeak | 180 MW | Mid-stage Development | 1.5% of revenue |
| Honey Creek | Solar | Leeward | 400 MW | Mid-stage Development | 1.5% of revenue |
| Appaloosa Run | Wind | Confidential buyer | 175 MW | Mid-stage Development | 1.5% of revenue |
| Hoosier Line | Wind | Leeward | 180 MW | Mid-stage Development | 3% of revenue |