**Forward Looking Statement Disclaimer**

*This Letter to Shareholders contains numerous forward-looking statements regarding the beliefs or current expectations of Altius's officers and is meant to provide management's perspective on past events and possible illustrative scenarios for the future that may impact our royalty or project generation businesses. By their nature, forward-looking statements involve numerous assumptions, both general and specific, and there is a risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond Altius's control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements.*

*Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, Altius does not assume any obligation to update, or to publicly announce the results of any changes to any forward-looking statement contained herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.*

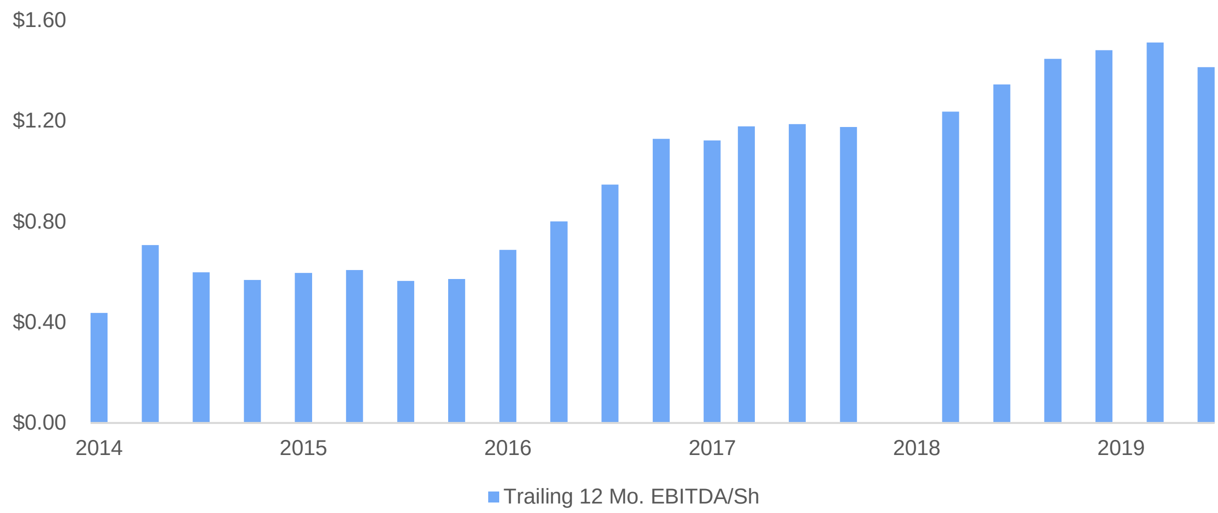
# LETTER TO SHAREHOLDERS

## May 2020

Dear Fellow Shareholders,

It has now been about six months since we issued our last letter to shareholders and a lot has obviously changed. In December the trade dispute between the USA and China, which clouded the sector outlook throughout 2019, found an initial stage settlement. This triggered a wave of optimism that was quickly reflected in generally improved market pricing and sentiment. Within weeks however news began to emerge about the outbreak of a novel Corona virus and the early year optimism was suddenly transformed into bleak near-term demand expectations as a result of what has become the global scale COVID-19 pandemic.

It is now obvious that 2020 will mark a break in Altius's multiyear trend of strong per share EBITDA and cash flow growth as a result of the negative price changes and, to a lesser extent, mine volume reductions, from which our royalties are calculated. We have been managing these impacts in ways that ensure we can continue to balance and meet all of our near term obligations, including debt servicing and repayment, pref and common share dividend distributions and the continued funding of our key growth objectives, with particular emphasis on the building of Altius Renewable Royalties. Success in managing these impacts will ensure that the longer-term value that is embedded in our assets is not only preserved through this crisis period but that Altius remains positioned for a resumption of per share growth as the world ultimately recovers.




*Altius converted its financial reporting period to calendar year-end in 2017 from its previous fiscal year-end of April 30. The gap above represents the stub period.*

Most of the mines from which we collect royalties continue to operate at or near prior levels - with the majority having been deemed as essential services in their respective jurisdictions. The production curtailments that we have experienced have been purely precautionary health and safety related and in general our assets have demonstrated excellent resilience thus far through this tough and unexpected test. While pricing impacts have obviously cut into our royalty expectations, and more deeply into underlying operator margins, the low relative cost nature of our mine exposures buffers the risk of economics-based operational interruptions should demand and prices remain subdued for longer than generally anticipated.

| Operator | Mine | Commodity Benchmark | Commodity Price | Operating Margin |
|---|---|---|---|---|
| Lundin | Chapada | Copper | $2.38 | 180% |
| Nutrien | All Operations | Potash | $245 | 199% |
| Mosaic | All Operations | Potash | $245 | 231% |
| Vale | Voisey's Bay | Nickel | $5.51 | 90% |
| Rio Tinto | IOC | Fe Concentrate | $113 | 151% |
| Rio Tinto | IOC | Fe Pellet | $135 | 108% |
| Excelsior | Gunnison | Copper | $2.38 | 174% |
| Hudbay | Manitoba Ops | Copper | $2.38 | 707% |

*Full notes to tables in this document are included at the end.*

While managing for the short-term impacts of COVID-19, including the safety of our employees and the communities of which we are part, has been our immediate priority we also continue to maintain focus on the longer-term macro trends that your business has been built to align with. We believe that these have largely been unaltered, and in some cases may even be accelerated by, the pandemic effects. While none of us have been hearing as much about the challenges of global sustainability lately, these issues will absolutely still be there after the virus has been beaten.

The widespread industrial shutdowns, and the resulting emission reductions that have occurred, have also provided many with a tangible glimpse of the future in the form of a cleaner environment. This will likely serve to further entrench society's demand for the continuation of key sustainability-based macro trends and there is already a groundswell building to see an outsized share of stimulus spending directed towards speeding the advancement of these transitions.

We firmly believe that Altius continues to be well aligned with these aspirations and we have no intention of altering any of our longer term positionings or objectives. Our general views related to each of the four key sustainability-based trends that we are closely aligned with are as follows:

Food Sustainability Macro-Trend

Indications from the operators of the potash mines from which we collect royalties have suggested that they expect higher year over year potash demand – albeit at lower prices. We all continue to eat and there are some 40 million more of us to nourish now than since we wrote to you 6 months ago.

The mine projects on which we hold royalties have pre-built production capacities that allow them to grow production rates to meet these needs in the near term while also hosting the world's most extensive and competitive in-ground resources - allowing for successive future expansion opportunities in the medium and longer-term.

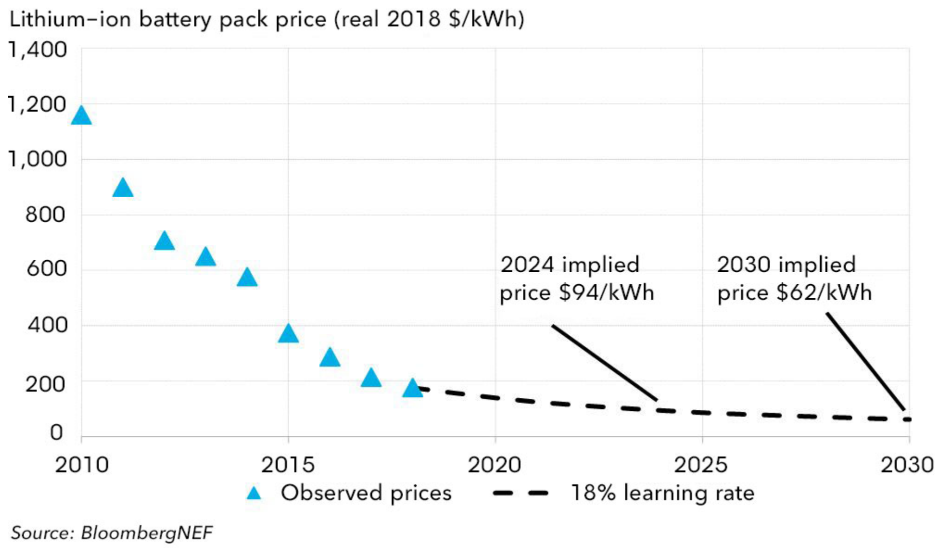
Cleaner Steel Macro-Trend

Demand for purer forms of iron ore has remained relatively resilient. Any pandemic-related decline in total global steel consumption is expected to be temporary, and perhaps more than offset by infrastructure based stimulus, while policy level changes that had already begun to limit the amount of pollution that results from producing a unit of steel are anything but fleeting. Utilizing high purity iron ore in steel making results in significantly lower emissions.

Our iron ore royalty exposures relate to the Labrador Trough district, arguably the highest quality production region in the world today. The IOC mine from which we indirectly collect royalties, with decades of remaining resources, continues to find increasing demand for its products as a result. Our royalty related to the adjacent Kami project suffered a setback in recent weeks, with its sponsor, Alderon Iron Ore, falling victim to capital availability constraints. We continue to believe however that this ore deposit holds a place in meeting future demand for clean ore. Altius's royalty rights over this deposit remain intact.

Transportation Electrification Macro-Trend

Concern has been expressed that lower fossil fuel prices will cause a pause or even a reversal in the trend towards transportation electrification. This is not what is playing out in reality however. Major automobile manufacturers remain committed to plans to convert their traditional assembly lines towards EV production while the cost of batteries continues to decline rapidly – down 87% since 2010. Moreover, the charging infrastructure required to support the EV transition is amongst the most commonly noted areas of focus emerging from policy makers deciding on how to most productively direct stimulus spending.




**Lithium-ion Battery Price Outlook**

Base metal demand seems certain to contract in 2020 on lower industrial output expectations. This has been reflected in prices as near term supply deficit projections have been pushed back accordingly. Again however, we do not believe that this demand destruction is long-term as key macro trends, particularly the EV and renewable power transitions, and infrastructure investing generally, are overwhelmingly positive for demand for base and battery metals.

It has now been many years since positive price incentivization conditions have existed to support any meaningful supply growth from new or expanded mines. In fact, at current price levels sustaining capital requirements are being widely deferred and economics-based production curtailments become possible. Meanwhile, several existing mines are approaching depletion while others are shifting towards the extraction of lower grade and/or deeper ore sources, which is intensely inflationary to both capital and operating costs on a unit production basis. 2020 will not be the year that the industry regains the price incentive conditions needed to invest in its new supply requirements - meaning only that while the eventual perfect storm for prices may have had its landfall slowed, it is also intensifying proportionately.


*Disclaimer: Incentive pricing is estimated using average annual industry capital and operating costs to determine the price that generates an acceptable rate of return for investments in average available incremental capacity growth opportunities. We compile data from several publicly available data sets to make this estimate, while not verifying any, and while fully acknowledging the subjective nature of various input assumptions - but also noting its general agreement with the estimates of many other industry participants and observers.*

## Fossil Fuel to Renewable Power Generation Macro-Trend

We are using less power overall as a result of the recent economic shutdowns and the clearly emerging loser in this is fossil fuel-based generation, while renewable-based generation is bucking the trend. The International Energy Agency released some statistics a couple of weeks ago suggesting that in 2020 global coal and natural gas demand will decline by 10% and 5% respectively while power sourced from renewables will actually increase by 5%. The combined impact of this is an expected 8% decline in global $CO_2$ emissions (not to mention other pollutants) – the largest reduction ever recorded, which takes the world back to 10 year ago levels.

Fossil fuels have undoubtably become cheaper but they still have a ways to go to compete with the fuel cost of sun rays and wind flow while the relative availability and pricing of capital to build each type of generation facility also continues to widen in favor of renewables. Power consumption will rebound and resume growth as we re-open and the relative shift to renewable sources will continue - both because it is the cheapest form of generation and because, as already noted, the world has been given a surprising and powerfully reinforcing glimpse of a cleaner environmental future.

Another leading indicator that we have been watching unfold in the renewables sector is a dramatic increase in the number of new projects applying for grid interconnections that are now including a battery storage component. This tracks our earlier comments regarding the steady technology and scale driven decrease in battery costs that is supporting the EV transition. The implications of this are potentially profound, as the major limiting factor to renewable generation source market share growth has traditionally been considered its daily intermittency challenges. Storage additions could clearly eliminate much of this limitation.


**TSX Renewable Energy and Clean Technology Index**

**Altius Renewable Royalties**

This brings us to Altius Renewables Royalties (ARR), our subsidiary formed with the goal of creating royalty financing structures for the renewables sector by effectively re-investing the remaining proceeds from our portfolio of legacy thermal coal power generation royalties. Our confidence in this initiative, which represents the largest growth investing component of our recent capital allocation strategy, has been tangibly bolstered since the last letter.

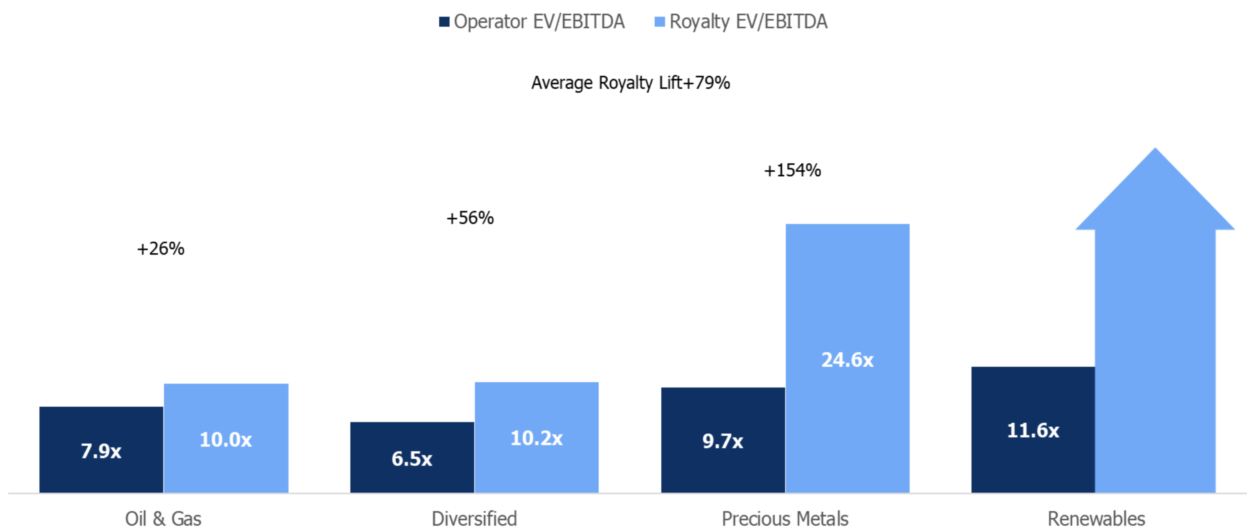
Our investment in Tri Global Energy (TGE) has seen two additional projects get sold on to project operators with underlying ARR top-line revenue royalties attached. Copenhagen Infrastructure Partners acquired the 300 MW Woodford Wind project in Illinois, while Silverpeak Strategic Partners has acquired the 180 MW Flatland solar project in Texas. These sales increase our future renewable energy royalty exposure to a total of 860 MW thus far with further sales still expected through the remainder of the year.

ARR also announced a new US$35 million (plus additional investment options) royalty funding agreement with Apex Clean Energy (Apex) in February. Apex is one of the largest renewable energy project origination companies in the US with a current 21,000 MW portfolio of wind and solar projects located throughout the country.

With this investment we have now essentially met our initial objective of investing C$100 million in these initiatives and to replace our phasing out coal royalty portfolio with new perpetual renewable royalties; however it is obvious that this amount can and should be increased substantially. This contention is based upon the attractive risk adjusted returns we expect and the increased awareness of, and demand for, our investment offering that is resulting within the sector from the TGE and Apex transactions.

With the Apex investment, using our internal estimates of projected future discounted cash flows, we estimate that the net asset value of ARR's renewables portfolio has now eclipsed that of our thermal coal portfolio. It will take some more time for the crossover to occur on an annual revenue and cash flow basis but this is certainly a great milestone to have reached.

In the last letter we indicated that we were considering the potential for ARR as a pure play public spin out company. This was largely based upon some compelling cost of capital analysis arguments. We continue to assess this possibility while also now actively exploring the potential to bring on one or more strategic equity investors into ARR in its current private subsidiary form. We do not see these as mutually exclusive options and in fact believe that third party strategic capital could be very readily deployed and augment both the scale and credibility of ARR in advance of a potential IPO.




*Source: Laurentian Bank Securities, Company Reports. May 5, 2020*

**Organic Growth**

In the last letter we noted with respect to our mineral royalties that growth drivers were cyclically shifting from contrarian M&A-based to an organic-based platform. We believe this to still be the case based upon the extensive mineral resources and advantaged cost curve positions of our existing portfolio, while also acknowledging the current price disincentivization and health and safety-based constraint pressures that are being exerted on the sector due to COVID-19.

There are overwhelming differences between this low industrial commodity price environment and the one that characterized the 2014-2017 period when most of our portfolio was acquired. A proper bust requires a proper preceding boom. This price crash has not been created by a period of massive new project capital investment and resulting supply surge concerns and, relatedly, the collective balance sheet of the mining sector is far stronger now than then. We remain poised should special situations emerge that bring high quality project royalties to market, but we are not holding our breath to be the most attractive, by default or otherwise, source of capital for those holding top tier assets of the type we seek.

To further support our contentions regarding the imbedded organic option value of our existing portfolio we have also updated a table that demonstrates how the longer term value of our assets is being viewed by the analyst community today relative to the value that was reflected by our purchase prices at the time (and after having already received significant proceeds from the investments). We believe that in many cases these time discounted net asset value estimates will increase further as additional operator funded expansions materialize and serve to expand and bring revenues forward in time.

| Acquisition | Acquisition Date | Purchase Price | Realized After-Tax Unlevered Cashflow | Net Asset Value (Analyst Average) | Realized Cashflow + NAV vs. Purchase Price |
|---|---|---|---|---|---|
| Voisey's Bay | 2003 | $13.6 million | $25.2 million | $15.0 million | 295% |
| Chapada Stream | 2016 | $76.8 million | $43.0 million | $104.9 million | 193% |
| Potash Portfolio | 2014 & 2018 | $138.2 million | $44.0 million | $223.6 million | 194% |
| IOC | 2017 & 2019 | $54.0 million | $31.3 million | $82.0 million | 210% |
| Calinan Merger | 2015 | $70.9 million | $37.4 million | $64.8 million | 144% |
| Coal Portfolio | 2014 | $191.7 million | $70.1 million | $67.7 million | 72% |
| | | $545.2 million | $251.0 million | $558.1 million | 148% |

*Full notes to tables in this document are included at the end.*

## Project Generation Business

Despite our comments on subdued contrarian opportunities for production stage mineral royalty investing, the same is not true for opportunities within our Project Generation (PG) business. PG, which is essentially our internal geology and exploration group, seeks to grow our pipeline of future royalties by providing projects and capital to the junior mining sector in exchange for royalties and equity. We have stepped up efforts this year to grow our portfolio of new projects that are available for vending to the sector. The team is busy at present with low-cost desktop research efforts that will see the portfolio size regrown following several years of strong sales. PG also continues to self-fund its activities, meaning there will be no draw against royalty revenue to continue this important part of our overall business.

Our existing junior equity portfolio value has declined in accordance with the market. At the end of March it stood at $34 million which compares to $52 million when we last wrote to you. Some of these junior positions have suffered intrinsic damage to their prospects and value, with Alderon Iron Ore being the most dramatic example, but for most we continue to believe that the longer term value has been preserved and will continue to rebound with the market. For those juniors in our portfolio that are focused on precious metals this is already becoming evident.

## Market Valuation

Much of our previous letter dealt with the lack of market recognition that has accompanied Altius's fundamental per share growth metrics over the past several years. We wish we could report that the situation has corrected.

Back then we noted several possible reasons for this, including a lack of differentiation between Altius and its operating level peers for our lower-risk (non marginal) commodity price downside exposure yet still strong upside through low or no-cost organic growth opportunities. This point seems even more valid now.

We also touched on the growth of passive investing and the resulting raised bar for market scale and liquidity. This factor also remains true and I can only offer that the problem has certainly not improved as our capitalization has declined through the Covid-19 market reaction. What also remains true is the fact that we will not chase scale for the sake of it at the expense of asset quality per share. One positive trend that has however continued since the last letter is the shift in our shareholder base in favour of more actively managed long-term generalist and value-based investors.

The third factor raised dealt with the massive migration of capital towards ESG mandated institutional funds and the "negative screen" that the remaining coal component of our revenue profile was causing. We have continued to work very hard to overcome this challenge and to have ESG investors look deeper to see Altius's leading role with respect to core business sustainability alignments. Nowhere is this more pronounced than with respect to our investment in the growth of renewable energy to help transition the world away from coal and other fossil fuel generation sources. We have now rolled out a new area of our website that allows ESG investors an easier way to evaluate the company in this regard and have been conducting review sessions with the ESG evaluation departments at various institutions. This is a process rather than an event, but we remain deeply committed to the effort.

Beyond continuing to work on these identified challenges we also continue to buy back our shares at prices that we believe represent a significant discount to long-term intrinsic value. Since the last letter your company has bought back 932,000 shares, representing 2.2% of the shares outstanding.

## Summary

In conclusion we note that while a lot has perhaps changed in the short term, our long-term focus and alignments have been unaltered. Altius has taken the steps necessary to ensure that none of the long-term value that is represented in its assets has been jeopardized. We are gratified by the resilience that our mineral based assets are demonstrating through the ongoing Covid-19 crisis and are more confident than ever in the growth opportunity that ARR is becoming. We wish each of you and your families health and fortitude through these times and hope for an even brighter future.

## Notes

**Operator Margin Table**

- All amounts USD. Gudance commodity price as at May 8, 2020.
- Chapada margin calculated using Lundin's guidance of 2020 C1 cash costs of copper per pound (NI43-101 report October 10, 2019) after precious metal by-product credits. Chapada cash costs do not include the effects of copper stream agreements which will be a component of the copper revenue and will impact realized revenue per pound.
- Nutrien and Mosaic per tonne margins calculated by taking FOB Midwest Spot over Cost of Product Manufactured. COPM = Potash COGS for the 2019 excluding depreciation and amortization expense and inventory and other adjustments divided by the production tonnes for the period. For Mosaic, we used the 2019 four quarter average actuals cash costs of production (excluding brine) – MOP ($/tonne)
- Voisey's Bay margin calculation using SNL Modeled Cost Curve for Total Cash Cost per pound of nickel net of by-product credits.
- IOC margin based on Altius modeled $45/t cash costs for concentrate and $65/t cash costs for pellet.
- Gunnison is expected to be in commercial production in 2020. Total cash cost pe pound of copper is derived from the Base Case of the Feasibility Study dated January 16, 2017
- Manitoba Operations margin calculated using Hudbay's annual actuals year ended December 31, 2019. Cash cost per pound of copper produced, net of by-product credits.

**Acquisition Analysis Table**

- Purchase price is based on cash purchase price in CAD. For the acquisition of Callinan Royalties in 2015, the purchase price excludes cash and consideration allocated to non-royalty related assets. (see Note 9, 2016 Annual Financial Statements), and also includes the cost to exercise the option increasing the Gunnison Gross Sales Royalty (exercised in 2018). The main producing royalty in Callinan is 777 with the Gunnison development stage royalty also part of that acquisition.
- After tax unlevered cash flow is the cumulative (since acquisition) reported revenue up to March 31, 2020 after accounting for 27% corporate income tax. For LIORC, the effective tax rate is adjusted to zero to reflect the actual tax rate on inter-corporate dividends. For the Chapada copper stream, reported revenue is net of a 30% deduction to reflect the cost of purchasing copper, as per the contract. The effective tax rate on Chapada is 0% until the initial deposit of US$60 million is fully recovered. Voisey's Bay royalty revenues are shown net of the 20% Newfoundland & Labrador royalty tax.
- Consensus NAV by asset based on analysts reports from January – April 2020. The Callinan NAV consensus is based on NAV ascribed to 777 and to Gunnison.