



# ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements  
For the three months ended March 31, 2020 and 2019  
(unaudited)

## CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at	
		March 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	\$ 32,051	\$ 22,128
Accounts receivable and prepaid expenses		7,455	9,023
Income tax receivable		2,921	4,110
Loan receivable	5	1,000	2,625
		\$ 43,427	\$ 37,886
<b>Non-current assets</b>			
Interests in joint ventures	4	84,458	86,881
Royalty and streaming interests	7	252,002	255,405
Investments	6	148,873	149,043
Exploration and evaluation assets		13,684	12,586
Other intangible assets		2,117	2,105
Goodwill		6,031	6,031
Deferred tax assets	8	7,336	5,952
Investment in associates	5	7,399	9,712
Property and equipment		1,240	1,273
		\$ 523,140	\$ 528,988
<b>TOTAL ASSETS</b>		\$ 566,567	\$ 566,874
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		5,687	6,360
Current portion of long-term debt	9	20,000	20,000
Income tax payable		612	443
		\$ 26,299	\$ 26,803
<b>Non-current liabilities</b>			
Long-term debt	9	132,680	87,828
Other liability		882	911
Deferred tax liabilities	8	47,736	50,843
Derivative - cash flow swap	9	1,731	528
		\$ 183,029	\$ 140,110
<b>TOTAL LIABILITIES</b>		\$ 209,328	\$ 166,913
<b>EQUITY</b>			
Shareholders' equity		342,001	385,205
Non-controlling interest		15,238	14,756
		\$ 357,239	\$ 399,961
<b>TOTAL LIABILITIES AND EQUITY</b>		\$ 566,567	\$ 566,874

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS

	Note	Three months ended	
		March 31, 2020	March 31, 2019
<b>Revenue and other income</b>	10	\$ 13,049	\$ 17,073
<b>Costs and Expenses</b>			
General and administrative	10	2,025	2,798
Cost of sales - copper stream		1,326	1,565
Share-based compensation	13	486	426
Generative exploration		139	3
Exploration and evaluation assets abandoned or impaired		70	-
Mineral rights and leases		42	47
Amortization and depletion		3,915	3,753
Earnings before the following:		\$ 5,046	\$ 8,481
Earnings from joint ventures	4	1,638	3,744
Gain on disposal of investments		-	103
Interest on long-term debt		(1,899)	(2,035)
Foreign exchange (loss)		(971)	(629)
Unrealized (loss) on fair value adjustment of derivatives		(829)	(345)
Share of (loss) and impairment in associates	5	(4,004)	(1,219)
Earnings (loss) before income taxes		\$ (1,019)	\$ 8,100
Income taxes (current and deferred)	8	2,148	1,484
<b>Net earnings (loss)</b>		\$ (3,167)	\$ 6,616
<b>Net earnings (loss) attributable to:</b>			
Common shareholders		(3,546)	6,248
Non-controlling interest		379	368
		\$ (3,167)	\$ 6,616
<b>Net earnings (loss) per share</b>			
Basic and diluted	11	\$ (0.08)	\$ 0.15

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended	
	March 31, 2020	March 31, 2019
<b>Net earnings (loss)</b>	\$ (3,167)	\$ 6,616
<b>Other comprehensive earnings</b>		
<b>To be reclassified subsequently to profit or loss</b>		
Foreign currency translation adjustment		
Gross amount	3,259	266
Tax effect	-	-
Net amount	\$ 3,259	\$ 266
Net unrealized (loss) on fair value adjustment of cash flow swap		
Gross amount	(1,204)	(548)
Tax effect	277	148
Net amount	\$ (927)	\$ (400)
<b>To not be reclassified subsequently to profit or loss</b>		
Net unrealized gain (loss) on mining and other investments		
Gross amount	(36,465)	24,577
Tax effect	4,533	(3,687)
Net amount	\$ (31,932)	\$ 20,890
Realized gain (loss) on mining and other investments		
Gross amount	(5,105)	1,827
Tax effect	554	-
Net amount	\$ (4,551)	\$ 1,827
Other comprehensive earnings (loss)	\$ (34,151)	\$ 22,583
<b>Total comprehensive earnings (loss)</b>	\$ (37,318)	\$ 29,199
<b>Total comprehensive earnings (loss) attributable to:</b>		
Common shareholders	(37,697)	28,831
Non-controlling interest	379	368
	\$ (37,318)	\$ 29,199

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	Three months ended	
		March 31, 2020	March 31, 2019
<b>Operating activities</b>			
Net earnings (loss)		\$ (3,167)	\$ 6,616
Adjustments for operating activities	12	11,064	713
		\$ 7,897	\$ 7,329
Changes in non-cash operating working capital	12	1,270	(3,026)
		\$ 9,167	\$ 4,303
<b>Financing activities</b>			
Proceeds from long-term debt	9	47,326	25,208
Repayment of long-term debt	9	(5,000)	(5,000)
Lease payments		(42)	-
Payments from non-controlling interest	14	433	3,602
Preferred securities distribution		(1,260)	(1,260)
Repurchase of common shares	11	(2,643)	-
Dividends paid		(2,090)	(1,714)
		\$ 36,724	\$ 20,836
<b>Investing activities</b>			
Proceeds from sale of investments		16,033	7,789
Acquisition of Great Bay, net of cash assumed		-	(6,152)
Cash received from joint ventures	4	4,061	4,115
Generative exploration		(37)	(3)
Exploration and evaluation assets, net of recoveries		(1,232)	(824)
Acquisition of royalty interests	7	(2)	(13,474)
Acquisition of investments	6	(54,774)	(23,665)
Acquisition of property and equipment		(17)	(40)
		\$ (35,968)	\$ (32,254)
Net increase (decrease) in cash and cash equivalents		9,923	(7,115)
Cash and cash equivalents, beginning of period		22,128	28,392
<b>Cash and cash equivalents, end of period</b>		\$ 32,051	\$ 21,277

*Supplemental cash flow information (Note 12)*

*See accompanying notes to the Condensed Consolidated Financial Statements*

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS

	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive Earnings (loss)	Retained Earnings	Total Shareholders' Equity	Non-controlling interest	Total Equity
	Number	Amount	Number	Amount						
Balance, December 31, 2018	42,851,726	\$ 267,536	10,000,000	\$ 57,061	(Note 11) \$ 20,038	\$ 18,386	\$ 8,832	\$ 371,853	\$ 12,408	\$ 384,261
Net earnings and comprehensive earnings, January 1 to March 31, 2019	-	-	-	-	-	22,583	6,248	28,831	368	29,199
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(293)	(293)
Receipts from non-controlling interests	-	-	-	-	-	-	1,139	1,139	2,098	3,237
Shares issued by subsidiary under services agreement	-	-	-	-	-	-	-	-	410	410
Preferred securities distribution	-	-	-	-	-	-	(1,260)	(1,260)	-	(1,260)
Dividends paid to common shareholders	-	-	-	-	-	-	(1,714)	(1,714)	-	(1,714)
Share-based compensation	-	-	-	-	426	-	-	426	-	426
Shares issued under long-term incentive plan	10,070	125	-	-	(125)	-	-	-	-	-
<b>Balance, March 31, 2019</b>	<b>42,861,796</b>	<b>\$ 267,661</b>	<b>10,000,000</b>	<b>\$ 57,061</b>	<b>\$ 20,339</b>	<b>\$ 40,969</b>	<b>\$ 13,245</b>	<b>\$ 399,275</b>	<b>\$ 14,991</b>	<b>\$ 414,266</b>
Net earnings and comprehensive earnings, April 1 to December 31, 2019	-	-	-	-	-	(6,949)	11,224	4,275	498	4,773
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(1,010)	(1,010)
Receipts from non-controlling interests	-	-	-	-	-	-	-	-	-	-
Shares repurchased and cancelled	(802,000)	(5,008)	-	-	-	-	(4,265)	(9,273)	-	(9,273)
Shares issued by subsidiary under services agreement	-	-	-	-	-	-	-	-	277	277
Preferred securities distribution	-	-	-	-	-	-	(3,740)	(3,740)	-	(3,740)
Dividends paid to common shareholders	-	-	-	-	-	-	(6,403)	(6,403)	-	(6,403)
Share-based compensation	-	-	-	-	1,589	-	-	1,589	-	1,589
Cash settled RSUs	-	-	-	-	(518)	-	-	(518)	-	(518)
<b>Balance, December 31, 2019</b>	<b>42,059,796</b>	<b>\$ 262,653</b>	<b>10,000,000</b>	<b>\$ 57,061</b>	<b>\$ 21,410</b>	<b>\$ 34,020</b>	<b>\$ 10,061</b>	<b>\$ 385,205</b>	<b>\$ 14,756</b>	<b>\$ 399,961</b>
Net earnings and comprehensive earnings, January 1 to March 31, 2020	-	-	-	-	-	(34,151)	(3,546)	(37,697)	379	(37,318)
Payments to non-controlling interest (Note 14)	-	-	-	-	-	-	-	-	(216)	(216)
Receipts from non-controlling interests (Note 14)	-	-	-	-	-	-	-	-	319	319
Shares repurchased and cancelled (Note 11)	(255,600)	(1,596)	-	-	-	-	(1,047)	(2,643)	-	(2,643)
Preferred securities distribution	-	-	-	-	-	-	(1,260)	(1,260)	-	(1,260)
Dividends paid to common shareholders	-	-	-	-	-	-	(2,090)	(2,090)	-	(2,090)
Share-based compensation	-	-	-	-	486	-	-	486	-	486
<b>Balance, March 31, 2020</b>	<b>41,804,196</b>	<b>\$ 261,057</b>	<b>10,000,000</b>	<b>\$ 57,061</b>	<b>\$ 21,896</b>	<b>(\$131)</b>	<b>\$ 2,118</b>	<b>\$ 342,001</b>	<b>\$ 15,238</b>	<b>\$ 357,239</b>

See accompanying notes to Condensed Consolidated Financial Statements

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. NATURE OF OPERATIONS AND CORPORATE INFORMATION**

Altius Minerals Corporation (“Altius” or the “Corporation”) is a diversified mining royalty, streaming and mineral project generation company with royalty and streaming interests in 15 operating mines located throughout Canada and Brazil. The royalty and stream interests cover mining operations producing copper, zinc, nickel, cobalt, iron ore, precious metals, potash and thermal (electrical) and metallurgical coal. The Corporation holds development stage royalties in renewable energy, along with numerous pre-development stage mining royalty interests, and several other earlier stage royalties that were created through project generation. It also holds equity interests in non-precious metals royalty companies, as well as various junior mineral exploration companies that undertake a project generation and joint venture type business models.

Altius is a publicly traded company, incorporated and domiciled in Canada. The head office of the Corporation is located at 2<sup>nd</sup> Floor, 38 Duffy Place, St. John's, Newfoundland and Labrador A1B 4M5. Its registered office is located at 4300 Bankers Hall West, 888 – 3<sup>rd</sup> Street S.W., Calgary, Alberta, T2P 5C5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 11, 2020.

### **2. BASIS OF PRESENTATION**

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or investments which are measured at fair value through other comprehensive income. Additionally, these condensed consolidated financial statements have been prepared using accrual basis accounting. All amounts are expressed in Canadian dollars, unless otherwise stated. Tabular amounts are presented in thousands of Canadian dollars with the exception of per share amounts.

### **3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS**

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2019 with the exception of amendments noted below with an initial application date of January 1, 2020.

The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2019.

#### *IFRS 3 – Business combinations*

An amendment to IFRS 3, Business Combinations, effective for annual periods for on or after January 1, 2020 clarifies the definition of a business and provides guidance in determining whether an acquisition is a business combination or a combination of a group of assets. The amendment emphasizes that the output of a business is to provide goods and services to customers and provides supplementary guidance. The Corporation had no material impact upon applying this amendment.

#### *IAS 1 – Presentation of financial statements*

An amendment to IAS 1, Presentation of Financial Statements, effective for annual periods for on or after January 1, 2020 clarifies the definition of “material” to align the definition used in the Conceptual Framework developed by the IASB and all other accounting standards. Under the amendment, information is defined as “material” if, “omitting, misstating or obscuring it could reasonably be expected to influence decisions

that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The Corporation had no material impact upon applying this amendment.

#### 4. INTERESTS IN JOINT VENTURES

IN THOUSANDS OF CANADIAN DOLLARS

	LNRLP	Prairie Royalties LP	Total
Balance December 31, 2018	\$ 5,785	\$ 91,375	97,160
Earnings	656	5,747	6,403
Cash receipts	(1,033)	(15,649)	(16,682)
Balance, December 31, 2019	\$ 5,408	\$ 81,473	\$ 86,881
Earnings	98	1,540	1,638
Cash receipts	(250)	(3,811)	(4,061)
Balance, March 31, 2020	\$ 5,256	\$ 79,202	\$ 84,458

#### 5. INVESTMENTS IN ASSOCIATES

IN THOUSANDS OF CANADIAN DOLLARS

	Alderon	Adventus	Total
Balance, December 31, 2018	\$ 4,020	\$ 7,086	\$ 11,106
Additions	-	50	50
Share of loss in associates	(2,039)	(1,718)	(3,757)
Dilution gain on issuance of shares by associates	-	2,313	2,313
Balance, December 31, 2019	\$ 1,981	\$ 7,731	\$ 9,712
Additions	66	-	66
Share of loss in associates	(503)	(332)	(835)
Impairment recognition in associates	(1,544)	-	(1,544)
Balance, March 31, 2020	\$ -	\$ 7,399	\$ 7,399

##### Percentage ownership:

At December 31, 2019	37.69%	15.51%
At March 31, 2020	37.30%	15.51%

The Corporation currently holds 52,865,442 shares (December 31, 2019 - 52,526,206) in Alderon Iron Ore Corporation ("Alderon") or 37.30% (December 31, 2019 - 37.69%) of the total shares outstanding. The Corporation also retains a 3% gross sales royalty relating to any potential future mining operations on Alderon's Kami iron ore property. At March 31, 2020 the Corporation's investment in Alderon was determined to be impaired and written down to \$nil after an announcement by Alderon on April 1, 2020 that it could not repay its external debt (see Loan receivable).

##### Loan receivable

On July 12, 2018 the Corporation participated in a US\$14 million credit facility provided by Sprott Resource Lending by providing US\$2,000,000 (CAD\$2,625,000) to Alderon and received 687,290 common shares. After a series of extensions granted by Sprott in late 2019 and early 2020, the credit facility maturity date was amended to March 31, 2020. On April 1, 2020, Alderon announced it could not repay its debt and Sprott indicated its intention to realize on its security. As a result, the Corporation has recorded an impairment charge on the loan receivable of CAD\$1,625,000.



## 6. INVESTMENTS

IN THOUSANDS OF CANADIAN DOLLARS

	Investments	Share Purchase Warrants	Total
Balance, December 31, 2018	\$ 123,769	\$ 670	\$ 124,439
Additions	29,103	1,238	30,341
Reclassification to investments in traded securities	114	(114)	-
Receipt for interest in mineral property	298	-	298
Receipt in exchange for royalty interest (Note 10)	4,250	-	4,250
Disposals	(16,171)	-	(16,171)
Revaluation	5,270	616	5,886
Balance, December 31, 2019	\$ 146,633	\$ 2,410	\$ 149,043
Additions	58,262	-	58,262
Disposals	(21,138)	-	(21,138)
Revaluation	(36,465)	(829)	(37,294)
Balance, March 31, 2020	\$ 147,292	\$ 1,581	\$ 148,873

As at March 31, 2020 investments include an investment in Labrador Iron Ore Royalty Corporation of \$48,309,000 (December 31, 2019 - \$93,103,000) consisting of 2,873,800 (December 31, 2019 - 3,781,600) common shares.

### *Tri Global Energy LLC*

On February 7, 2019 the Corporation announced its first renewable energy royalty transaction with leading Texas-based wind energy developer Tri Global Energy LLC ("TGE"). The Corporation, through its renewables subsidiary, will be granted a 3% gross revenue royalty on each individual pipeline project created until a target minimum total royalty valuation is achieved. The Corporation has committed to investing in tranches a total of US\$30,000,000 over the next three years as TGE achieves certain advancement milestones. The Corporation could be subject to penalties if future tranches are requested but not funded after milestones have been met. At March 31, 2020, the Corporation has invested US\$14,000,000 in the first two tranches (CAD\$18,406,000), US \$3,500,000 (CAD\$4,570,000) of which was invested during the quarter. In April the Corporation funded US\$3,000,000 (CAD\$4,253,000) of tranche 3. TGE has 12 months to request the remaining US\$2,000,000 of the third tranche, which the Corporation is obligated to fund per the agreement.

### *Apex Clean Energy*

On March 10, 2020 the Corporation, through its renewables subsidiary, entered into a US\$35,000,000 (CAD\$ 48,364,000) royalty investment agreement with Apex Clean Energy ("Apex"), one of the largest renewable energy developers in the US, to obtain future royalties related to a broad portfolio of wind and solar energy development projects located across North America. The Corporation will receive gross revenue royalties for wind energy and solar energy projects as projects are sold until a target valuation of the royalty portfolio is achieved. Upon achieving certain milestones related to the vending of projects in Apex's development pipeline, mutual options become exercisable to provide continuing US\$10,000,000 tranches of royalty investment. The Corporation funded the investment using its revolving credit facility.

## 7. ROYALTY AND STREAMING INTERESTS

IN THOUSANDS OF CANADIAN DOLLARS

Note	As at December 31, 2019	Additions and revaluations	As at March 31, 2020
<b>Royalty interests</b>			
Rocanville - Potash	\$ 73,126	\$ -	\$ 73,126
Esterhazy - Potash	32,969	-	32,969
Cory - Potash	18,812	-	18,812
Allan - Potash	6,317	-	6,317
Patience Lake - Potash	3,872	-	3,872
Vanscoy - Potash	5,197	-	5,197
Other potash	7,000	-	7,000
Coal & coal bed methane	8,000	-	8,000
777 Mine - Copper & zinc	47,356	-	47,356
Gunnison - Copper	10,300	-	10,300
Picket Mountain	7,606	-	7,606
Curipamba - Copper, gold, zinc	13,441	2	13,443
Clyde River - Hydro	3,350	298	3,648
<b>Streaming interest</b>			
Chapada - Copper	77,634	-	77,634
<b>Balance, end of period</b>	<b>\$ 314,980</b>	<b>\$ 300</b>	<b>\$ 315,280</b>
<b>Accumulated amortization, depletion</b>			
Rocanville - Potash	\$ 3,598	\$ 476	\$ 4,074
Esterhazy - Potash	598	76	674
Cory - Potash	280	43	323
Allan - Potash	497	99	596
Patience Lake - Potash	36	10	46
Vanscoy - Potash	59	1	60
Other potash	44	1	45
Coal & coal bed methane	2,234	100	2,334
777 Mine - Copper & zinc	34,101	1,449	35,550
Gunnison - Copper	-	-	-
Pickett Mountain	-	-	-
Curipamba - Copper, gold, zinc	-	-	-
Clyde River - Hydro	132	51	183
<b>Streaming interest</b>			
Chapada - Copper	17,996	1,397	19,393
<b>Balance, end of period</b>	<b>\$ 59,575</b>	<b>\$ 3,703</b>	<b>\$ 63,278</b>
<b>Net book value</b>	<b>\$ 255,405</b>	<b>\$ (3,403)</b>	<b>\$ 252,002</b>

IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at December 31, 2018	Additions and revaluations	As at December 31, 2019
<b>Royalty interests</b>				
Rocanville - Potash	a	\$ 72,880	\$ 246	\$ 73,126
Esterhazy - Potash	a	32,869	100	32,969
Cory - Potash		18,812	-	18,812
Allan - Potash		6,317	-	6,317
Patience Lake - Potash		3,872	-	3,872
Vanscoy - Potash		5,197	-	5,197
Other potash		7,000	-	7,000
Coal & coal bed methane		8,000	-	8,000
777 Mine - Copper & zinc		47,356	-	47,356
Gunnison - Copper		10,300	-	10,300
Pickett Mountain		7,606	-	7,606
Curipamba - Copper, gold, zinc	b	-	13,441	13,441
Clyde River - Hydro	11	-	3,350	3,350
<b>Streaming interest</b>				
Chapada - Copper		77,634	-	77,634
<b>Balance, end of period</b>		\$ 297,843	\$ 17,137	\$ 314,980
<b>Accumulated amortization, depletion</b>				
Rocanville - Potash		\$ 1,743	\$ 1,855	\$ 3,598
Esterhazy - Potash		269	329	598
Cory - Potash		114	167	281
Allan - Potash		218	280	498
Patience Lake - Potash		9	27	36
Vanscoy - Potash		72	(13)	59
Other potash		42	-	42
Coal & coal bed methane		1,834	400	2,234
777 Mine - Copper & zinc		28,076	6,025	34,101
Gunnison - Copper		-	-	-
Pickett Mountain		-	-	-
Curipamba - Copper, gold, zinc		-	-	-
Clyde River - Hydro		-	132	132
<b>Streaming interest</b>				
Chapada - Copper		12,346	5,650	17,996
<b>Balance, end of period</b>		\$ 44,723	\$ 14,852	\$ 59,575
<b>Net book value</b>		\$ 253,120	\$ 2,285	\$ 255,405

## 8. INCOME TAXES

Significant components of the deferred tax assets and liabilities are as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	March 31, 2020	December 31, 2019
Temporary differences related to exploration and evaluation assets, property and other	\$ (8,183)	\$ (8,124)
Non capital and net capital loss carryforwards	4,088	3,395
Carrying value of investments in excess of tax values	487	(4,348)
Temporary differences related to preferred securities	(30,000)	(30,000)
Deferred and deductible share-based compensation and other costs	1,069	981
Share and debt issue costs	848	636
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	(8,709)	(7,431)
	\$ (40,400)	\$ (44,891)

	March 31, 2020	December 31, 2019
Deferred tax liabilities	\$ (47,736)	\$ (50,843)
Deferred tax assets	7,336	5,952
Total deferred income tax	\$ (40,400)	\$ (44,891)

Components of income tax expense (recovery) are as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended	
	March 31, 2020	March 31, 2019
Current tax	\$ 1,641	\$ 1,515
Deferred tax	507	(31)
	\$ 2,148	\$ 1,484

## 9. DEBT

IN THOUSANDS OF CANADIAN DOLLARS

At amortized cost	March 31, 2020	December 31, 2019
Long-term debt	\$ 152,680	\$ 107,828
Current	20,000	20,000
Non-current	132,680	87,828
	\$ 152,680	\$ 107,828

The Term Credit Facility has a five-year term and is repayable by June 2023 with quarterly principal repayments of \$5,000,000 and additional repayments are permitted at any time with no penalty. The revolving facility is payable in full by June 2023 and is permitted for future qualifying royalty and streaming acquisitions. Both facilities bear interest at variable rates based on the total net debt ratio.

On March 10, 2020 the Corporation completed a drawdown on its revolving facility of \$47,326,000 to complete the Apex acquisition. At March 31, 2020, the Corporation has approximately \$35,000,000 of additional liquidity on its revolving facility. On January 28, 2019 the Corporation completed a draw down on its revolving facility for \$25,208,000 to acquire mining and other investments. During the three months ended March 31, 2020 the Corporation repaid \$5,000,000 on its term facility (March 31, 2019 - \$5,000,000).

The Corporation has a floating-to-fixed interest rate swap to lock in the interest rate on a portion of the term credit facility on an amortized basis. The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly principal repayments on the term debt. The balance outstanding on the swap at March 31, 2020 is \$65,000,000 (December 31, 2019 - \$70,000,000). The Corporation expected the interest rate on the fixed portion of the debt to be approximately 5.45% per annum during the full term of the loan, with the remaining balance of the term credit facility and the revolving facility fluctuating in accordance with market interest rates. The Corporation has applied hedge accounting to this relationship whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive earnings. Settlement of both the fixed and variable portions of the interest rate swap occurs on a quarterly basis. The full amount of the hedge was determined to be effective as at March 31, 2020. The Corporation has classified this financial instrument as a cash flow hedge and the fair value of the hedging instrument is recorded as a liability of \$1,731,000 (December 31, 2019 - \$528,000) on the balance sheet.

The Corporation is amortizing costs attributable to securing the credit facilities over the life of the facilities using an effective interest rate of 5.42%. During the three months ended March 31, 2020, \$158,000 (March 31, 2019 - \$186,000) of the costs were recognized as interest expense in the condensed consolidated statement of earnings (loss).

As at March 31, 2020 the Corporation was in compliance with all debt covenants.

The following principal repayments for the credit facilities are required over the next 4 years.

IN THOUSANDS OF CANADIAN DOLLARS

	Term	Revolver	Total
2020	\$20,000	-	\$ 20,000
2021	\$20,000	-	\$ 20,000
2022	\$20,000	-	\$ 20,000
2023	\$30,000	\$64,011	\$ 94,011
	\$90,000	\$64,011	\$ 154,011
	Less: unamortized debt costs		1,331
			\$ 152,680

## 10. REVENUE AND GENERAL AND ADMINISTRATION EXPENSES

IN THOUSANDS OF CANADIAN DOLLARS

Revenue and other income	Three months ended	
	March 31, 2020	March 31, 2019
Royalty	\$ 7,738	\$ 7,034
Copper stream*	4,133	5,432
Interest and investment	1,170	4,394
Other	8	213
Total revenue and other income	\$ 13,049	\$ 17,073

\*Revenue from contracts with customers

IN THOUSANDS OF CANADIAN DOLLARS

General and administrative expenses	Three months ended	
	March 31, 2020	March 31, 2019
Salaries and benefits	\$ 1,306	\$ 1,595
Professional and consulting fees	317	765
Office and administrative	276	311
Travel and accommodations	126	127
Total general and administrative	\$ 2,025	\$ 2,798

## 11. SHARE CAPITAL

### *Shares repurchased*

The Corporation renewed its Normal Course Issuer Bid ("NCIB") effective August 22, 2019 and it will, unless further renewed, end no later than August 21, 2020. The Corporation may purchase at market prices up to 1,779,103 common shares representing approximately 4.2% of its 42,783,796 outstanding shares as of August 14, 2019. The Corporation repurchased and cancelled 255,600 common shares (6,100 of which were legally cancelled on April 3, 2020) during the three months ended March 31, 2020 at a cost of \$2,643,000 (March 31, 2019 - no common shares were repurchased). Subsequent to March 31, 2020 the Corporation repurchased an additional 230,700 common shares at a cost of \$1,904,000.

### *Net earnings (loss) per share*

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

	Three months ended	
	March 31, 2020	March 31, 2019
Weighted average number of shares:		
Basic	41,975,230	42,857,096
Diluted	41,975,230	43,143,891

### *Other equity reserves*

Other equity reserves consist of share-based payment reserves of \$5,868,000, warrants of \$12,959,000 and contributed surplus of \$3,069,000 for a total of \$21,896,000. Share-based payment reserve amounts are in respect of stock options, DSUs and RSUs. In addition, there are 400,000 warrants issued to Yamana Gold Inc. at an exercise price of \$14.00 with an expiry date of May 3, 2021 and 6,670,000 warrants issued to Fairfax Financial Holdings Ltd. ("Fairfax") at an exercise price of \$15.00. The Fairfax warrants are exercisable on or prior to April 26, 2022 and the expiry date may be extended to April 26, 2024 if the closing price of the Corporation's common shares is less than \$24.00 per share on April 26, 2022.

## 12. SUPPLEMENTAL CASH FLOW INFORMATION

IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended	
	March 31, 2020	March 31, 2019
<b>Adjustments for operating activities:</b>		
Generative exploration	\$ 139	\$ 3
Exploration and evaluation assets abandoned or impaired	70	-
Share-based compensation	486	426
Foreign exchange loss	1,092	143
Amortization and depletion	3,915	3,753
Interest on long-term debt	1,899	2,035
Interest paid	(1,498)	(1,957)
Gain on disposal of investments	-	(103)
Unrealized (gain) loss on fair value adjustment of derivatives	829	345
Earnings from joint ventures	(1,638)	(3,744)
Loss on impairment of short term loan	1,625	-
Share of loss and impairment in associates	2,379	1,219
Income taxes	2,148	1,484
Income taxes paid	(382)	(2,891)
	\$ 11,064	\$ 713
<b>Changes in non-cash operating working capital:</b>		
Accounts receivable and prepaid expenses	1,693	(1,998)
Accounts payable and accrued liabilities	(423)	(1,028)
	\$ 1,270	\$ (3,026)
<b>Cash and cash equivalents consist of:</b>		
Deposits with banks	32,001	18,891
Short-term investments	50	2,386
	\$ 32,051	\$ 21,277

## 13. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2020 the Corporation was billed \$6,000 by an associate (March 31, 2019 - \$6,500) for general administrative expenses.

During the three months ended March 31, 2020 the Corporation paid compensation to key management personnel and directors of \$1,669,000 (March 31, 2019 - \$1,641,200) related to salaries and benefits and incurred \$486,000 (March 31, 2019 - \$426,000) 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.

## 14. NON-CONTROLLING INTERESTS

The following table sets forth the Corporation's cash receipts and cash payments relating to its non-controlling interests:

IN THOUSANDS OF CANADIAN DOLLARS

Three months ended March 31, 2020	Adia <sup>1</sup>	ARR	PRLP
Equity funds	663	-	-
Distributions	-	-	216

  

Year ended December 31, 2019	Adia <sup>2</sup>	ARR	PRLP
Equity funds	2,232	1,003	-
Distributions	-	-	1,301

1. Net of a flow through liability of \$343,750

2. Net of a flow through liability of \$665,000

## 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table sets forth the Corporation's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy.

IN THOUSANDS OF CANADIAN DOLLARS

As at March 31, 2020	Level 1	Level 2	Level 3	TOTAL
Investments	66,075	1,581	81,217	148,873
<b>FINANCIAL ASSETS</b>	<b>\$ 66,075</b>	<b>\$ 1,581</b>	<b>\$ 81,217</b>	<b>\$ 148,873</b>
Derivative - cash flow swap	-	1,731	-	1,731
Other liability	882	-	-	882
<b>FINANCIAL LIABILITIES</b>	<b>\$ 882</b>	<b>\$ 1,731</b>	<b>\$ -</b>	<b>\$ 2,613</b>

As at December 31, 2019	Level 1	Level 2	Level 3	TOTAL
Investments	121,525	2,410	25,108	149,043
<b>FINANCIAL ASSETS</b>	<b>\$ 121,525</b>	<b>\$ 2,410</b>	<b>\$ 25,108</b>	<b>\$ 149,043</b>
Derivative - cash flow swap	-	528	-	528
Other liability	911	-	-	911
<b>FINANCIAL LIABILITIES</b>	<b>\$ 911</b>	<b>\$ 528</b>	<b>\$ -</b>	<b>\$ 1,439</b>

### Risk Management

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

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included in the December 31, 2019 annual consolidated financial statements excepted as noted below

### COVID -19

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred during the quarter may have a significant negative impact on the operations and profitability of the Corporation. The extent of the impact to the financial performance of the Corporation will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii)



the effects on the financial markets, (iv) the effects on the economy overall and (v) the effect on commodity prices, all of which are highly uncertain and cannot be predicted. The impact of COVID-19 on the Corporation's investments and royalty and streaming assets could be volatile as financial markets and commodity prices adjust accordingly.

## **16. SEGMENTED INFORMATION**

Key measures used by the Chief Operating Decision Maker ("CODM") in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) ("adjusted EBITDA") and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. Revenue and expenses from the LNRLP and Prairie Royalties are included in the Mineral Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment and eliminations column of the table. The net investment by the Corporation in Renewable Royalties is included in the segments total assets and adjusted (eliminated on consolidation) in the adjustment and eliminations column of the table. During the quarter ended March 31, 2020, the Corporation began managing its business under three operating segments consisting of:

- the acquisition and management of producing and development stage royalty and streaming interests ("Mineral Royalties");
- the acquisition and management of renewable energy investments and royalties ("Renewable 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").

Business segments are evaluated with the goal of being financially self-sustaining and profitable over the full commodity cycle. All assets are allocated between the segments and all revenues and expenses are allocated to each segment based on the specific nature of the revenue or expense. The reportable segments are consistent with the internal reporting structure of the Corporation which is provided to the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") who fulfill the role of the CODM. The CEO and CFO are responsible for assessing performance of the Corporation's operating segments and for making resource allocation decisions. Intersegment transactions are not significant and are eliminated on consolidation. The prior year quarter has been restated to reflect the Renewable Royalties operating segment which was previously included in the Mineral Royalties operating segment.

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Mineral Royalties	Renewable Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures & Eliminations	Total
<b>Three months ended March 31, 2020</b>						
<b>Revenue and other income</b>	\$ 16,211	\$ 68	\$ -	\$ 16,279	\$ (3,230)	\$ 13,049
<b>Costs and Expenses</b>						
General and administrative	806	498	745	2,049	(24)	2,025
Cost of sales - copper stream	1,326	-	-	1,326	-	1,326
Generative exploration	-	-	139	139	-	139
Mineral rights and leases	-	-	42	42	-	42
Adjusted EBITDA	\$ 14,079	\$ (430)	\$ (926)	\$ 12,723	\$ (3,206)	\$ 9,517
Share-based compensation	\$ (364)	\$ -	\$ (122)	\$ (486)	\$ -	\$ (486)
Amortization and depletion	(5,269)	(214)	-	(5,483)	1,568	(3,915)
Earnings from joint ventures	-	-	-	-	1,638	1,638
Foreign exchange (loss)	(1,218)	247	-	(971)	-	(971)
Unrealized (loss) on fair value adjustment of derivative	-	-	(829)	(829)	-	(829)
Exploration and evaluation assets abandoned or impaired	-	-	(70)	(70)	-	(70)
Share of (loss) and impairment in associates	-	-	(4,004)	(4,004)	-	(4,004)
Interest on long-term debt	(1,899)	-	-	(1,899)	-	(1,899)
Earnings (loss) before income taxes	\$ 5,329	\$ (397)	\$ (5,951)	\$ (1,019)	\$ -	\$ (1,019)
Income taxes (current and deferred)						2,148
<b>Net earnings (loss)</b>						\$ (3,167)
<b>Supplementary information</b>						
Total assets <sup>(1)</sup>	\$ 523,197	\$ 75,907	\$ 41,313	\$ 640,417	\$ (73,850)	\$ 566,567
Cash flow from (used)						
Operating activities	14,445	(430)	(787)	13,228	(4,061)	9,167
Financing activities	36,075	-	649	36,724	-	36,724
Investing activities	13,192	(52,934)	(287)	(40,029)	4,061	(35,968)
Total cash flow from (used)	\$ 63,712	\$ (53,364)	\$ (425)	\$ 9,923	\$ -	\$ 9,923

(1) Renewable royalties assets presented to include a net investment from parent which is eliminated on consolidation

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Mineral Royalties	Renewable Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures & Eliminations	Total
<b>Three months ended March 31, 2019</b>						
<b>Revenue and other income</b>	\$ 21,777	\$ 67	\$ 9	\$ 21,853	\$ (4,780)	\$ 17,073
<b>Costs and Expenses</b>						
General and administrative	1,084	650	1,145	2,879	(81)	2,798
Cost of sales - copper stream	1,565	-	-	1,565	-	1,565
Generative exploration	-	-	3	3	-	3
Mineral rights and leases	-	-	47	47	-	47
Adjusted EBITDA	\$ 19,128	\$ (583)	\$ (1,186)	\$ 17,359	\$ (4,699)	\$ 12,660
Share-based compensation	\$ (319)	\$ -	\$ (107)	\$ (426)	\$ -	\$ (426)
Amortization and depletion	(4,704)	-	(4)	(4,708)	955	(3,753)
Earnings from joint ventures	-	-	-	-	3,744	3,744
Gain on disposal of investments	-	-	103	103	-	103
Foreign exchange (loss)	(641)	12	-	(629)	-	(629)
Unrealized (loss) on fair value adjustment of derivative	-	-	(345)	(345)	-	(345)
Share of loss in associates	-	-	(1,219)	(1,219)	-	(1,219)
Interest on long-term debt	(2,035)	-	-	(2,035)	-	(2,035)
Earnings (loss) before income taxes	\$ 11,429	\$ (571)	\$ (2,758)	\$ 8,100	\$ -	\$ 8,100
Income taxes (current and deferred)						1,484
<b>Net earnings</b>						\$ 6,616
<b>Supplementary information</b>						
Total assets <sup>(1)</sup>	\$ 544,200	\$ 16,294	\$ 68,186	\$ 628,680	\$ (15,572)	\$ 613,108
<b>Cash flow from (used)</b>						
Operating activities	10,184	(583)	(1,183)	8,418	(4,115)	4,303
Financing activities	16,905	1,003	2,928	20,836	-	20,836
Investing activities	(27,207)	(15,992)	6,830	(36,369)	4,115	(32,254)
Total cash flow from (used)	\$ (118)	\$ (15,572)	\$ 8,575	\$ (7,115)	\$ -	\$ (7,115)

<sup>(1)</sup> Renewable royalties assets presented to include a net investment from parent which is eliminated on consolidation