



# ALTIUS MINERALS CORPORATION

Condensed Consolidated Financial Statements  
For the three and nine months ended September 30, 2019 and 2018  
(unaudited)

## CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at	
		September 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	\$ 31,709	\$ 28,392
Accounts receivable and prepaid expenses		8,970	8,930
Income taxes receivable		3,483	2,405
Loan receivable		2,625	2,625
		\$ 46,787	\$ 42,352
<b>Non-current assets</b>			
Interests in joint ventures	4	87,968	97,160
Royalty and streaming interests	7	258,767	253,120
Mining and other investments	6	140,749	124,439
Exploration and evaluation assets		12,248	19,976
Other intangible assets	8	2,793	-
Goodwill		6,031	6,031
Deferred tax assets	9	5,548	4,763
Investment in associates	5	10,463	11,106
Property and equipment	3	1,325	34
		\$ 525,892	\$ 516,629
<b>TOTAL ASSETS</b>		\$ 572,679	\$ 558,981
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		6,224	7,326
Current portion of debt	10	20,000	20,000
Income taxes payable		331	2,238
		\$ 26,555	\$ 29,564
<b>Non-current liabilities</b>			
Long-term debt	10	92,907	92,790
Other liability	3	940	-
Deferred tax liabilities	9	51,606	51,969
Derivative - cash flow swap	10	857	397
		\$ 172,865	\$ 174,720
<b>EQUITY</b>			
Shareholders' equity		385,198	371,853
Non-controlling interest		14,616	12,408
		\$ 399,814	\$ 384,261
<b>TOTAL LIABILITIES AND EQUITY</b>		\$ 572,679	\$ 558,981

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

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

	Note	Three months ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Revenue and other income</b>	11	\$ 15,582	\$ 13,681	\$ 47,840	\$ 35,868
<b>Costs and Expenses</b>					
General and administrative	11	2,239	1,930	6,972	5,803
Cost of sales - copper stream		1,624	1,373	4,058	3,819
Share-based compensation		544	505	1,633	1,575
Generative exploration		36	10	75	119
Exploration and evaluation assets abandoned or impaired	16	-	576	9,004	589
Mineral rights and leases		46	110	389	485
Amortization and depletion		4,061	4,239	11,615	11,094
		\$ 8,550	\$ 8,743	\$ 33,746	\$ 23,484
Earnings from joint ventures	4	869	2,734	3,940	10,955
Gain on disposal of investments		-	-	103	92
Interest on long-term debt		(1,982)	(2,058)	(6,109)	(5,936)
Foreign exchange (loss)		(43)	(153)	(620)	(295)
Dilution gain on issuance of shares by an associate	5	1,114	2,025	2,313	2,025
Unrealized gain (loss) on fair value adjustment of derivatives		60	(56)	670	(342)
Share of (loss) gain in associates	5	(884)	316	(3,006)	(166)
Earnings before income taxes		\$ 6,166	\$ 7,746	\$ 11,385	\$ 18,717
Income taxes (current and deferred)	9	1,552	1,473	2,023	4,397
<b>Net earnings</b>		\$ 4,614	\$ 6,273	\$ 9,362	\$ 14,320
<b>Net earnings attributable to:</b>					
Common shareholders		4,450	6,025	8,630	13,846
Non-controlling interest		164	248	732	474
		\$ 4,614	\$ 6,273	\$ 9,362	\$ 14,320
<b>Net earnings per share</b>					
Basic and diluted		\$ 0.10	\$ 0.14	\$ 0.20	\$ 0.32

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	Three months ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Net earnings</b>		\$ 4,614	\$ 6,273	\$ 9,362	\$ 14,320
<b>Other comprehensive earnings, net of tax</b>					
<b>To be reclassified subsequently to profit or loss</b>					
Foreign currency translation adjustment					
Gross amount		187	-	135	-
Tax effect		(57)	-	(40)	-
Net amount		\$ 130	\$ -	\$ 95	\$ -
Net unrealized gain (loss) on fair value adjustment of cash flow swap					
Gross amount		219	338	(447)	338
Tax effect		(54)	(91)	111	(91)
Net amount		\$ 165	\$ 247	\$ (336)	\$ 247
<b>To not be reclassified subsequently to profit or loss</b>					
Net unrealized (loss) gain on mining and other investments					
Gross amount		(38,507)	18,008	4,970	10,461
Tax effect		5,776	(2,702)	(746)	(1,569)
Net amount		\$ (32,731)	\$ 15,306	\$ 4,224	\$ 8,892
Realized gain on mining and other investments		2,035	133	10,778	1,986
Other comprehensive (loss) earnings		\$ (30,401)	\$ 15,686	\$ 14,761	\$ 11,125
<b>Total comprehensive (loss) earnings</b>		\$ (25,787)	\$ 21,959	\$ 24,123	\$ 25,445
<b>Total comprehensive (loss) earnings attributable to:</b>					
Common shareholders		(25,951)	21,711	23,391	24,971
Non-controlling interest		164	248	732	474
		\$ (25,787)	\$ 21,959	\$ 24,123	\$ 25,445

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS

	Note	Nine months ended	
		September 30, 2019	September 30, 2018
<b>Operating activities</b>			
Net earnings		\$ 9,362	\$ 14,320
Adjustments for operating activities	13	13,622	(3,182)
		\$ 22,984	\$ 11,138
Changes in non-cash operating working capital	13	(1,481)	(1,938)
		\$ 21,503	\$ 9,200
<b>Financing activities</b>			
Proceeds from long-term debt	10	25,208	190,000
Repayment of long-term debt	10	(25,647)	(136,183)
Costs on issuance of new debt		-	(2,503)
Payments from (to) non-controlling interest	15	2,870	(464)
Preferred securities distribution		(3,739)	(3,671)
Repurchase of common shares	12	(2,567)	(2,723)
Dividends paid		(5,994)	(5,181)
		\$ (9,869)	\$ 39,275
<b>Investing activities</b>			
Proceeds from sale of investments		26,949	2,599
Acquisition of Great Bay, net of cash assumed	8	(6,153)	-
Cash received from joint ventures	4	13,132	15,745
Acquisition of control of Potash Royalty Limited Partnership		-	(63,437)
Generative exploration		(75)	(119)
Exploration and evaluation assets, net of recoveries		(1,588)	(778)
Loan to associate		-	(2,625)
Acquisition of royalty interests	7	(13,773)	(1,587)
Acquisition of investments	5 & 6	(26,372)	(26,046)
Acquisition of derivative financial instruments		-	(410)
Acquisition of property and equipment		(437)	(15)
		\$ (8,317)	\$ (76,673)
Net increase (decrease) in cash and cash equivalents		3,317	(28,198)
Cash and cash equivalents, beginning of period		28,392	61,982
<b>Cash and cash equivalents, end of period</b>		\$ 31,709	\$ 33,784

Supplemental cash flow information (Note 13)

See accompanying notes to the Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

UNAUDITED, IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER 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, January 1, 2018	43,187,291	\$ 269,458	10,000,000	\$ 57,061	(Note 12) \$ 19,113	\$ 33,868	\$ 20,556	\$ 400,056	\$ 69	\$ 400,125
Adoption of IFRS 9 & 15	-	-	-	-	-	(1,888)	1,134	(754)	-	(754)
Net earnings and comprehensive earnings, January 1 to September 30, 2018	-	-	-	-	-	11,125	13,846	24,971	474	25,445
Non-controlling interest of Potash Royalty Limited Partnership Acquisition	-	-	-	-	-	-	-	-	12,485	12,485
Shares repurchased and cancelled	(218,500)	(1,364)	-	-	-	-	(1,359)	(2,723)	-	(2,723)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(467)	(467)
Preferred securities distribution	-	-	-	-	-	-	(3,738)	(3,738)	-	(3,738)
Dividends	-	-	-	-	-	-	(5,181)	(5,181)	-	(5,181)
Share-based compensation	-	-	-	-	982	-	-	982	-	982
Shares issued under long-term incentive plan	33,935	384	-	-	(384)	-	-	-	-	-
<b>Balance, September 30, 2018</b>	<b>43,002,726</b>	<b>\$ 268,478</b>	<b>10,000,000</b>	<b>\$ 57,061</b>	<b>\$ 19,711</b>	<b>\$ 43,105</b>	<b>\$ 25,258</b>	<b>\$ 413,613</b>	<b>\$ 12,561</b>	<b>\$ 426,174</b>
Net earnings (loss) and comprehensive earnings (loss), October 1 to December 31, 2018	-	-	-	-	-	(24,719)	(12,578)	(37,297)	196	(37,101)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(349)	(349)
Shares repurchased and cancelled	(151,000)	(942)	-	-	-	-	(868)	(1,810)	-	(1,810)
Preferred securities distribution	-	-	-	-	-	-	(1,262)	(1,262)	-	(1,262)
Dividends	-	-	-	-	-	-	(1,718)	(1,718)	-	(1,718)
Share-based compensation	-	-	-	-	920	-	-	920	-	920
Cash settled RSUs	-	-	-	-	(593)	-	-	(593)	-	(593)
<b>Balance, December 31, 2018</b>	<b>42,851,726</b>	<b>\$ 267,536</b>	<b>10,000,000</b>	<b>\$ 57,061</b>	<b>\$ 20,038</b>	<b>\$ 18,386</b>	<b>\$ 8,832</b>	<b>\$ 371,853</b>	<b>\$ 12,408</b>	<b>\$ 384,261</b>
Net earnings and comprehensive earnings, January 1 to September 30, 2019	-	-	-	-	-	14,761	8,630	23,391	732	24,123
Payments to non-controlling interest (Note 15)	-	-	-	-	-	-	-	-	(1,025)	(1,025)
Receipts from non-controlling interests (Note 15)	-	-	-	-	-	-	1,139	1,139	2,091	3,230
Shares repurchased and cancelled	(220,200)	(1,375)	-	-	-	-	(1,192)	(2,567)	-	(2,567)
Shares issued by subsidiary under services agreement	-	-	-	-	-	-	-	-	410	410
Preferred securities distribution	-	-	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends	-	-	-	-	-	-	(5,994)	(5,994)	-	(5,994)
Share-based compensation	-	-	-	-	1,633	-	-	1,633	-	1,633
Cash settled RSUs	-	-	-	-	(518)	-	-	(518)	-	(518)
Shares issued under long-term incentive plan	10,070	125	-	-	(125)	-	-	-	-	-
<b>Balance, September 30, 2019</b>	<b>42,641,596</b>	<b>\$ 266,286</b>	<b>10,000,000</b>	<b>\$ 57,061</b>	<b>\$ 21,028</b>	<b>\$ 33,147</b>	<b>\$ 7,676</b>	<b>\$ 385,198</b>	<b>\$ 14,616</b>	<b>\$ 399,814</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 model.

Altius is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is 2<sup>nd</sup> Floor, 38 Duffy Place, St. John's, Newfoundland and Labrador, Canada A1B 4M5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 7, 2019.

### **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 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, 2018, with the exception of changes arising from the adoption of IFRS 16 - Leases with a date of initial application of January 1, 2019.

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, 2018.

#### **IFRS 16 - Leases**

IFRS 16 (Leases) was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. IFRS 16 introduced significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of right-of-use assets and lease liabilities at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged

IFRS 16 has changed how the Corporation accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16 for all except for short term leases and leases of low-value assets, the Corporation has (i) recognized 'right-of-use' assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments discounted at

the incremental borrowing rate; (ii) recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of earnings; and (iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Corporation has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. The Corporation has taken the exemptions related to short-term and low value asset leases. Exploration and evaluation assets and mineral leases are not in the scope of this standard.

The adoption of IFRS 16 did not have a material effect on the consolidated financial statements.

#### 4. INTERESTS IN JOINT VENTURES

IN THOUSANDS OF CANADIAN DOLLARS

	LNRLP	Prairie Royalties LP	Total
Balance December 31, 2017	\$ 5,717	\$ 148,935	154,652
Acquisition of control of Potash Royalty Limited Partnership	-	(48,535)	(48,535)
Earnings (loss)	(230)	10,619	10,389
Cash (receipts) disbursements	298	(19,644)	(19,346)
Balance, December 31, 2018	\$ 5,785	\$ 91,375	\$ 97,160
Earnings	501	3,439	3,940
Cash receipts	(789)	(12,343)	(13,132)
Balance, September 30, 2019	\$ 5,497	\$ 82,471	\$ 87,968

#### 5. INVESTMENT IN ASSOCIATES

IN THOUSANDS OF CANADIAN DOLLARS

	Alderon	Adventus	Total
Balance, December 31, 2017	\$ -	\$ 4,826	\$ 4,826
Additions	5,224	330	5,554
Share of earnings (loss) in associates	(1,611)	55	(1,556)
Dilution gain on issuance of shares by associates	407	1,875	2,282
Balance, December 31, 2018	\$ 4,020	\$ 7,086	\$ 11,106
Additions	-	50	50
Share of loss in associates	(1,577)	(1,429)	(3,006)
Dilution gain on issuance of shares by associates	-	2,313	2,313
Balance, September 30, 2019	\$ 2,443	\$ 8,020	\$ 10,463

##### Percentage ownership:

At December 31, 2018	37.98%	21.83%
At September 30, 2019	37.95%	15.53%

Effective May 22, 2019 the Corporation's ownership in Adventus Mining Corporation ("Adventus") was diluted to 18.1% and further diluted to 15.53% on August 9, 2019. The Corporation continues to have significant influence over the financial and operating policy decisions of Adventus through Board representation and therefore continues to account for this investment using the equity method.



## 6. MINING AND OTHER INVESTMENTS

IN THOUSANDS OF CANADIAN DOLLARS

		Investments		Share Purchase Warrants		Total
Balance, December 31, 2017	\$	110,813	\$	2,243	\$	113,056
Additions		21,618		520		22,138
Reclassification to investments in traded securities		104		(104)		-
Reclassification from convertible debenture		10,700		-		10,700
Receipt for interest in mineral property		1,167		11		1,178
Disposals		(858)		-		(858)
Revaluation		(19,775)		(2,000)		(21,775)
Balance, December 31, 2018	\$	123,769	\$	670	\$	124,439
Additions		26,232		311		26,543
Reclassification to investments in traded securities		114		(114)		-
Receipt for interest in mineral property		298		-		298
Disposals		(16,171)		-		(16,171)
Revaluation		4,970		670		5,640
Balance, September 30, 2019	\$	139,212	\$	1,537	\$	140,749

As at September 30, 2019 mining and other investments include an investment in Labrador Iron Ore Royalty Corporation of \$93,141,000 consisting of 3,781,600 common shares. As at December 31, 2018, mining and other investments include an investment in Labrador Iron Ore Royalty Corporation of \$84,719,000 consisting of 3,495,000 common shares.

## 7. ROYALTY AND STREAMING INTERESTS

IN THOUSANDS OF CANADIAN DOLLARS

Note	As at December 31, 2018	Additions	As at September 30, 2019
<b>Royalty interests</b>			
	\$ 72,880	\$ 249	\$ 73,129
	32,869	100	32,969
	18,812	-	18,812
	6,317	-	6,317
	3,872	-	3,872
	5,197	-	5,197
	7,000	-	7,000
	8,000	-	8,000
	47,356	-	47,356
	10,300	-	10,300
	7,606	-	7,606
a	-	13,424	13,424
8	-	3,408	3,408
<b>Streaming interest</b>			
	77,634	-	77,634
<b>Balance, end of period</b>	\$ 297,843	\$ 17,181	\$ 315,024
<b>Accumulated amortization, depletion</b>			
	\$ 1,743	\$ 1,487	\$ 3,230
	269	274	543
	114	126	240
	218	248	466
	9	17	26
	72	(16)	56
	42	-	42
	1,834	300	2,134
	28,076	4,562	32,638
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>Streaming interest</b>			
	12,346	4,536	16,882
<b>Balance, end of period</b>	\$ 44,723	\$ 11,534	\$ 56,257
<b>Net book value</b>	\$ 253,120	\$ 5,647	\$ 258,767

### a. Curipamba

On January 21, 2019 the Corporation entered into an agreement to acquire a 2% net smelter return royalty covering the Curipamba copper-gold-zinc project (the "Curipamba Project") from Resource Capital Fund VI L.P. and RCF VI SRL LLP (collectively, "RCF") for US\$10 million in cash. The Curipamba Project, located in central Ecuador, is being developed under a 75:25 partnership between Adventus and Salazar Resources Ltd. Altius currently holds 15.53% of the outstanding shares of Adventus.

IN THOUSANDS OF CANADIAN DOLLARS

Note	As at December 31, 2017	Additions and Impairments	As at December 31, 2018
<b>Royalty interests</b>			
Rocanville - Potash	\$ 11,891	\$ 60,989	\$ 72,880
Esterhazy - Potash	3,000	29,869	32,869
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	5,300	5,000	10,300
Sheerness West - Coal	9,000	(9,000)	-
Pickett Mountain	7,606	-	7,606
<b>Streaming interest</b>			
Chapada - Copper	77,634	-	77,634
<b>Balance, end of period</b>	<b>\$ 176,787</b>	<b>\$ 121,056</b>	<b>\$ 297,843</b>
<b>Accumulated amortization, depletion</b>			
Rocanville - Potash	\$ 68	\$ 1,675	\$ 1,743
Esterhazy - Potash	59	210	269
Cory - Potash	-	114	114
Allan - Potash	-	218	218
Patience Lake - Potash	-	9	9
Vanscoy - Potash	-	72	72
Other potash	38	4	42
Coal & coal bed methane	1,434	400	1,834
777 Mine - Copper & zinc	21,459	6,617	28,076
Gunnison - Copper	-	-	-
Sheerness West - Coal	-	-	-
Pickett Mountain	-	-	-
<b>Streaming interest</b>			
Chapada - Copper	7,093	5,253	12,346
<b>Balance, end of period</b>	<b>\$ 30,151</b>	<b>\$ 14,572</b>	<b>\$ 44,723</b>
<b>Net book value</b>	<b>\$ 146,636</b>	<b>\$ 106,484</b>	<b>\$ 253,120</b>

## 8. ACQUISITION

On February 5, 2019 the Corporation acquired all of the outstanding shares of a private company, Great Bay Renewables, Inc. ("Great Bay") from its shareholders for cash of US\$5 million (CAD\$6.5 million). The Great Bay acquisition added a paying royalty on the 4.7 MW Clyde River hydroelectric/solar facility located in Vermont and some working capital to the Corporation.

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 receive 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 and as requested by TGE, a total of US\$30 million over the next three years as TGE achieves certain advancement milestones and could be subject to penalties if future tranches are requested but not funded after milestones have been met. An initial investment of US\$7.5 million was made in TGE upon closing using cash on hand and classified as mining and other investments. Subsequent to September 30, 2019, TGE achieved certain milestones making available to TGE a portion of the second tranche of funding and the Corporation funded US\$3.0 million. TGE has 12 months to request the remaining US\$3.5 million of the second tranche of which the Corporation is obligated to fund, per the agreement.



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

IN THOUSANDS OF CANADIAN DOLLARS

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Current tax	\$ 1,097	\$ 1,133	\$ 4,348	\$ 4,633
Deferred tax	455	340	(2,325)	(236)
	\$ 1,552	\$ 1,473	\$ 2,023	\$ 4,397

## 10. DEBT

IN THOUSANDS OF CANADIAN DOLLARS

At amortized cost	September 30, 2019	December 31, 2018
Long-term debt	\$ 112,907	\$ 112,790
Current	20,000	20,000
Non-current	92,907	92,790
	\$ 112,907	\$ 112,790

On January 28, 2019 the Corporation completed a draw down on its revolving facility for \$25,208,000 to acquire mining and other investments. As at September 30, 2019, the Corporation has approximately \$85,000,000 of additional liquidity on its revolving facility. In accordance with the terms of the previous and amended credit facilities, During the nine months ended September 30, 2019 the Corporation repaid \$15,000,000 on its term facility (September 30, 2018 - \$61,750,000) in addition to repaying approximately \$10,647,000 on its revolving facility (September 30, 2018 - \$74,433,000).

The Term Credit Facility has a five-year term and is repayable by June 2023 with quarterly principal repayments of \$5 million, bearing interest at variable rates based on the total net debt ratio, 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.

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 September 30, 2019 is \$75 million (September 30, 2018 - \$95 million). 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 initially carrying a 5.45% interest rate that has fluctuated 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 September 30, 2019. 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 \$857,000 (December 31, 2018 - \$397,000) on the balance sheet.

The Corporation is amortizing costs of \$2,595,000 attributable to securing the Credit Facilities over the life of the facilities using an effective interest rate of 5.42%. During the three and nine months ended September 30, 2019 \$173,000 and \$554,000 (September 30, 2018 - \$195,000 and \$352,000) of the costs were recognized in the condensed consolidated statement of earnings.

As at September 30, 2019 the Corporation was in compliance with all debt covenants.

The following principal repayments for the Amended 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	\$40,000	\$14,564	\$ 54,564
	\$100,000	\$14,564	\$ 114,564
	Less: unamortized debt costs		1,657
			\$ 112,907

## 11. REVENUE AND GENERAL AND ADMINISTRATIVE EXPENSES

IN THOUSANDS OF CANADIAN DOLLARS

Revenue and other income	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Royalty	\$ 6,006	\$ 6,169	\$ 21,666	\$ 17,321
Copper stream*	5,542	4,659	13,879	13,050
Interest and investment	3,985	2,505	12,033	5,102
Other	49	348	262	395
Total revenue and other income	\$ 15,582	\$ 13,681	\$ 47,840	\$ 35,868

\*Revenue from contracts with customers

IN THOUSANDS OF CANADIAN DOLLARS

General and administrative expenses	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Salaries and benefits	\$ 1,480	\$ 1,155	\$ 4,623	\$ 3,036
Professional and consulting fees	211	251	955	1,481
Office and administrative	270	373	895	910
Travel and accommodations	278	151	499	376
Total general and administrative	\$ 2,239	\$ 1,930	\$ 6,972	\$ 5,803

## 12. SHARE CAPITAL

### Shares repurchased

The Corporation renewed its Normal Course Issuer Bid ("NCIB") effective August 22, 2019 and it will 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 220,200 common shares (September 30, 2018 - 218,500) during the nine months ended September 30, 2019 at a cost of \$2,567,000 (September 30, 2018 - \$2,723,000).

### Net earnings per share

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

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Weighted average number of shares:				
Basic	42,773,835	43,221,761	42,830,602	43,213,730
Diluted	43,081,109	43,482,370	43,113,844	43,472,967

## Other equity reserves

Other equity reserves consist of share-based payment reserves of \$5,000,000, warrants of \$12,959,000 and contributed surplus of \$3,069,000 for a total of \$21,028,000. Share-based payment reserve amounts are in respect of stock options, DSUs and RSUs.

## 13. SUPPLEMENTAL CASH FLOW INFORMATION

IN THOUSANDS OF CANADIAN DOLLARS

	Nine months ended	
	September 30, 2019	September 30, 2018
<b>Adjustments for operating activities:</b>		
Generative exploration	\$ 75	\$ 119
Exploration and evaluation assets abandoned or impaired	9,004	589
Share-based compensation	1,633	1,575
Foreign exchange loss	2	-
Amortization and depletion	11,615	11,094
Interest on long-term debt	6,109	5,936
Interest paid	(5,486)	(5,542)
Gain on disposal of investments	(103)	(92)
Unrealized (gain) loss on fair value adjustment of derivatives	(670)	342
Earnings from joint ventures	(3,940)	(10,955)
Share of loss in associates	3,006	166
Dilution gain on issuance of shares by an associate	(2,313)	(2,025)
Income taxes	2,023	4,397
Income taxes paid	(7,333)	(8,786)
	\$ 13,622	\$ (3,182)
<b>Changes in non-cash operating working capital:</b>		
Accounts receivable and prepaid expenses	(640)	443
Accounts payable and accrued liabilities	(841)	(2,381)
	\$ (1,481)	\$ (1,938)
<b>Cash and cash equivalents consist of:</b>		
Deposits with banks	31,659	33,784
Short-term investments	50	-
	\$ 31,709	\$ 33,784

## 14. RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2019 the Corporation was billed \$6,000 by an associate (September 30, 2018 - billed to an associate \$10,200) for general and administrative expenses. During the nine months ended September 30, 2019 the Corporation billed a joint venture \$nil (September 30, 2018 - \$114,000) and was billed \$18,700 by an associate (September 30, 2018 - billed to an associate \$21,300) for general administrative expenses.

Digbee Ltd., which is owned by director Jamie Strauss, was paid \$4,000 (September 30, 2019 - \$nil) for consulting services during the nine months ended September 30, 2019.

During the three months ended September 30, 2019 the Corporation paid compensation to key management personnel and directors of \$445,000 (September 30, 2018 - \$445,000) related to salaries and benefits and incurred \$544,000 (September 30, 2018 - \$505,000) in share-based compensation costs. During the nine months ended September 30, 2019 the Corporation paid compensation to key management personnel and directors of \$2,586,000 (September 30, 2018 - \$2,256,000) related to salaries and benefits and incurred \$1,633,000 (September 30, 2018 - \$1,575,000) in share-based compensation costs. During the three months ended September 30, 2019, Restricted Share Units ("RSUs") were cash settled for \$513,000 (September 30, 2018 - \$593,000).

These transactions are in the normal course of operations and are measured at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

## 15. NON-CONTROLLING INTEREST

During the nine months ended September 30, 2019, the Corporation received equity funds of \$2,232,000 (net of a flow through liability of \$665,000) from non-controlling interests of the Corporation's subsidiary, Adia Resources Inc., and equity funds of \$1,003,000 from non-controlling interests of the Corporation's subsidiary Altius Renewables Royalties Corp. The Corporation made payments to a non controlling interest of \$1,025,000 (September 2018 - \$464,000) during the same period.

## 16. EXPLORATION AND EVALUATION ASSETS ABANDONED OR IMPAIRED

During the nine months ended September 30, 2019 the Corporation recorded an impairment of \$9,000,000 (September 30, 2018 - \$589,000) of its exploration and evaluation Tower project (export thermal coal project in Alberta). Based on the outlook on the future coal environment in Alberta, the Corporation did not budget or plan substantive expenditures on the project. Despite indications of potential development near the project area, management determined that the carrying amount of the asset was unlikely to be recovered from development or sale.

## 17. 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 September 30, 2019	Level 1	Level 2	Level 3	TOTAL
Mining and other investments	117,873	1,537	21,339	140,749
FINANCIAL ASSETS	\$ 117,873	\$ 1,537	\$ 21,339	\$ 140,749
Derivative - cash flow swap	-	857	-	857
FINANCIAL LIABILITIES	\$ -	\$ 857	\$ -	\$ 857

As at December 31, 2018	Level 1	Level 2	Level 3	TOTAL
Mining and other investments	123,769	670	-	124,439
FINANCIAL ASSETS	\$ 123,769	\$ 670	\$ -	\$ 124,439
Derivative - cash flow swap	-	397	-	397
FINANCIAL LIABILITIES	\$ -	\$ 397	\$ -	\$ 397

### 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, 2018 annual consolidated financial statements.



## 18. SEGMENTED INFORMATION

Key measures used by the Chief Operating Decision Maker 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 Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment column of the table.

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
<b>Three months ended September 30, 2019</b>					
<b>Revenue and other income</b>	\$ 19,231	\$ 25	\$ 19,256	\$ (3,674)	\$ 15,582
<b>Costs and Expenses</b>					
General and administrative	1,532	777	2,309	(70)	2,239
Cost of sales - copper stream	1,624	-	1,624	-	1,624
Generative exploration	-	36	36	-	36
Mineral rights and leases	-	46	46	-	46
Adjusted EBITDA	\$ 16,075	\$ (834)	\$ 15,241	\$ (3,604)	\$ 11,637
Share-based compensation	\$ (408)	\$ (136)	\$ (544)	\$ -	\$ (544)
Amortization and depletion	(6,796)	-	(6,796)	2,735	(4,061)
Earnings from joint ventures	-	-	-	869	869
Foreign exchange gain (loss)	(43)	-	(43)	-	(43)
Unrealized loss on fair value adjustment of derivative	-	60	60	-	60
Dilution gain on issuance of shares by an associate	-	1,114	1,114	-	1,114
Share of loss in associates	-	(884)	(884)	-	(884)
Interest on long-term debt	(1,982)	-	(1,982)	-	(1,982)
Earnings (loss) before income taxes	\$ 6,846	\$ (680)	\$ 6,166	\$ -	\$ 6,166
Income taxes (current and deferred)					1,552
<b>Net loss</b>					\$ 4,614

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
<b>Three months ended September 30, 2018</b>					
<b>Revenue and other income</b>	\$ 17,084	\$ 550	\$ 17,634	\$ (3,953)	\$ 13,681
<b>Costs and Expenses</b>					
General and administrative	1,389	871	2,260	(330)	1,930
Cost of sales - copper stream	1,373	-	1,373	-	1,373
Generative exploration	-	10	10	-	10
Mineral rights and leases	-	110	110	-	110
Adjusted EBITDA	\$ 14,322	\$ (441)	\$ 13,881	\$ (3,623)	\$ 10,258
Share-based compensation	\$ (277)	\$ (228)	\$ (505)	\$ -	\$ (505)
Amortization and depletion	(5,125)	(3)	(5,128)	889	(4,239)
Earnings from joint ventures	-	-	-	2,734	2,734
Foreign exchange loss	(153)	-	(153)	-	(153)
Unrealized gain on fair value adjustment of derivative	-	(56)	(56)	-	(56)
Exploration and evaluation assets abandoned or impaired	-	(576)	(576)	-	(576)
Dilution gain on issuance of shares by associate	-	2,025	2,025	-	2,025
Share of loss in associates	-	316	316	-	316
Interest on long-term debt	(2,058)	-	(2,058)	-	(2,058)
Earnings before income taxes	\$ 6,709	\$ 1,037	\$ 7,746	\$ -	\$ 7,746
Income taxes (current and deferred)					1,473
<b>Net earnings</b>					\$ 6,273

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
<b>Nine months ended September 30, 2019</b>					
<b>Revenue and other income</b>	\$ 60,608	\$ 39	\$ 60,647	\$ (12,807)	\$ 47,840
<b>Costs and Expenses</b>					
General and administrative	4,551	2,630	7,181	(209)	6,972
Cost of sales - copper stream	4,058	-	4,058	-	4,058
Generative exploration	-	75	75	-	75
Mineral rights and leases	-	389	389	-	389
Adjusted EBITDA	\$ 51,999	\$ (3,055)	\$ 48,944	\$ (12,598)	\$ 36,346
Share-based compensation	\$ (1,224)	\$ (409)	\$ (1,633)	\$ -	\$ (1,633)
Amortization and depletion	(16,156)	(27)	(16,183)	4,568	(11,615)
Earnings from joint ventures	-	-	-	3,940	3,940
Impairment on royalty interest	(4,090)	-	(4,090)	4,090	-
Gain on disposal of investments	-	103	103	-	103
Foreign exchange loss	(620)	-	(620)	-	(620)
Unrealized gain on fair value adjustment of derivative	-	670	670	-	670
Exploration and evaluation assets abandoned or impaired	-	(9,004)	(9,004)	-	(9,004)
Dilution gain on issuance of shares by associate	-	2,313	2,313	-	2,313
Share of loss and impairment in associates	-	(3,006)	(3,006)	-	(3,006)
Interest on long-term debt	(6,109)	-	(6,109)	-	(6,109)
Earnings (loss) before income taxes	\$ 23,800	\$ (12,415)	\$ 11,385	\$ -	\$ 11,385
Income taxes (current and deferred)					2,023
<b>Net earnings</b>					\$ 9,362
<b>Supplementary information</b>					
Total assets	\$ 522,031	\$ 50,648	\$ 572,679	\$ -	\$ 572,679
Operating activities	37,615	(2,980)	34,635	(13,132)	21,503
Financing Activities	(12,797)	2,928	(9,869)	-	(9,869)
Investing Activities	(35,954)	14,505	(21,449)	13,132	(8,317)
Total cash flow from (used)	\$ (11,136)	\$ 14,453	\$ 3,317	\$ -	\$ 3,317

IN THOUSANDS OF CANADIAN DOLLARS

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
<b>Nine months ended September 30, 2018</b>					
<b>Revenue and other income</b>	\$ 49,432	\$ 1,056	\$ 50,488	\$ (14,620)	\$ 35,868
<b>Costs and Expenses</b>					
General and administrative	4,215	2,243	6,458	(655)	5,803
Cost of sales - copper stream	3,819	-	3,819	-	3,819
Generative exploration	-	119	119	-	119
Mineral rights and leases	-	485	485	-	485
Adjusted EBITDA	\$ 41,398	\$ (1,791)	\$ 39,607	\$ (13,965)	\$ 25,642
Share-based compensation	\$ (1,002)	\$ (573)	\$ (1,575)	\$ -	\$ (1,575)
Amortization and depletion	(14,097)	(7)	(14,104)	3,010	(11,094)
Earnings from joint ventures	-	-	-	10,955	10,955
Gain on disposal of investments	-	92	92	-	92
Foreign exchange loss	(295)	-	(295)	-	(295)
Unrealized loss on fair value adjustment of derivative	-	(342)	(342)	-	(342)
Exploration and evaluation assets abandoned or impaired	-	(589)	(589)	-	(589)
Dilution gain on issuance of shares by associate	-	2,025	2,025	-	2,025
Share of loss in associates	-	(166)	(166)	-	(166)
Interest on long-term debt	(5,936)	-	(5,936)	-	(5,936)
Earnings (loss) before income taxes	\$ 20,068	\$ (1,351)	\$ 18,717	\$ -	\$ 18,717
Income taxes (current and deferred)					4,397
<b>Net earnings</b>					\$ 14,320
<b>Supplementary information</b>					
Total assets	\$ 547,762	\$ 60,412	\$ 608,174	\$ -	\$ 608,174
<b>Cash flow from (used)</b>					
Operating activities	26,617	(1,672)	24,945	(15,745)	9,200
Financing activities	39,275	-	39,275	-	39,275
Investing activities	(84,724)	(7,694)	(92,418)	15,745	(76,673)
Total cash flow from (used)	\$ (18,832)	\$ (9,366)	\$ (28,198)	\$ -	\$ (28,198)