



# ALTIUS MINERALS CORPORATION

Consolidated Financial Statements  
For the years ended December 31, 2019 and 2018

# Independent Auditor's Report

To the Shareholders of Altius Minerals Corporation

## Opinion

We have audited the consolidated financial statements of Altius Minerals Corporation (the "Company"), which comprise the consolidated balance sheets as at December 31, 2019 and 2018, and the consolidated statements of earnings, comprehensive earnings (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information which comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Paul Fletcher.

/s/ Deloitte LLP

Chartered Professional Accountants  
St. John's, Newfoundland and Labrador  
March 11, 2020

## CONSOLIDATED BALANCE SHEETS

IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at	
		December 31, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	\$ 22,128	\$ 28,392
Accounts receivable and prepaid expenses		9,023	8,930
Income tax receivable		4,110	2,405
Loan receivable		2,625	2,625
		\$ 37,886	\$ 42,352
<b>Non-current assets</b>			
Interests in joint ventures	7	86,881	97,160
Royalty and streaming interests	10	255,405	253,120
Mining and other investments	9	149,043	124,439
Exploration and evaluation assets	5	12,586	19,976
Other intangible assets	11	2,105	-
Goodwill	6	6,031	6,031
Deferred tax assets	12	5,952	4,763
Investment in associates	8	9,712	11,106
Property and equipment	2	1,273	34
		\$ 528,988	\$ 516,629
<b>TOTAL ASSETS</b>		\$ 566,874	\$ 558,981
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		6,360	7,326
Current portion of long-term debt	13	20,000	20,000
Income tax payable		443	2,238
		\$ 26,803	\$ 29,564
<b>Non-current liabilities</b>			
Long-term debt	13	87,828	92,790
Other liability	2	911	-
Deferred tax liabilities	12	50,843	51,969
Derivative - cash flow swap	13	528	397
		\$ 140,110	\$ 145,156
<b>TOTAL LIABILITIES</b>		\$ 166,913	\$ 174,720
<b>EQUITY</b>			
Shareholders' equity		385,205	371,853
Non-controlling interest		14,756	12,408
		\$ 399,961	\$ 384,261
<b>TOTAL LIABILITIES AND EQUITY</b>		\$ 566,874	\$ 558,981

See accompanying notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF EARNINGS

IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS

	Note	Year ended	
		December 31, 2019	December 31, 2018
<b>Revenue and other income</b>	14	\$ 61,225	\$ 49,235
<b>Costs and Expenses</b>			
General and administrative	14	9,594	8,552
Cost of sales - copper stream		5,135	4,971
Share-based compensation	16	2,015	1,902
Generative exploration		119	177
Exploration and evaluation assets abandoned or impaired	5	9,039	784
Mineral rights and leases		434	574
Amortization and depletion		15,629	14,589
<b>Earnings before the following:</b>		\$ 41,965	\$ 31,549
Earnings from joint ventures	7	6,403	10,389
Gain on disposal of investments		103	92
Interest on long-term debt		(8,127)	(7,974)
Foreign exchange (loss) gain		(642)	347
Dilution gain on issuance of shares by an associate	8	2,313	2,282
Gain on disposition of royalty interest	10	4,250	-
Impairment on goodwill and royalty interest	6 & 10	-	(10,810)
Unrealized gain (loss) on fair value adjustment of derivatives		616	(4,440)
Share of (loss) in associates	8	(3,757)	(1,556)
<b>Earnings before income taxes</b>		\$ 20,419	\$ 6,016
Income taxes (current and deferred)	12	2,081	4,078
<b>Net earnings</b>		\$ 18,338	\$ 1,938
<b>Net earnings attributable to:</b>			
Common shareholders		17,472	1,268
Non-controlling interest		866	670
		\$ 18,338	\$ 1,938
<b>Net earnings per share</b>			
Basic and diluted	15	\$ 0.41	\$ 0.03

See accompanying notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

IN THOUSANDS OF CANADIAN DOLLARS

	Note	Year ended	
		December 31, 2019	December 31, 2018
<b>Net earnings</b>		\$ 18,338	\$ 1,938
<b>Other comprehensive earnings</b>			
<b>To be reclassified subsequently to profit or loss</b>			
Foreign currency translation adjustment			
Gross amount		(236)	-
Tax effect		71	-
Net amount		\$ (165)	\$ -
Net unrealized (loss) on fair value adjustment of cash flow swap	13		
Gross amount		(122)	(355)
Tax effect		28	96
Net amount		\$ (94)	\$ (259)
<b>To not be reclassified subsequently to profit or loss</b>			
Net unrealized gain (loss) on mining and other investments			
Gross amount	9	5,270	(19,775)
Tax effect		(791)	2,966
Net amount		\$ 4,479	\$ (16,809)
Realized gain on mining and other investments	9	11,414	\$ 3,474
Tax effect	12	-	-
Net amount		\$ 11,414	\$ 3,474
Other comprehensive earnings (loss)		\$ 15,634	\$ (13,594)
<b>Total comprehensive earnings (loss)</b>		\$ 33,972	\$ (11,656)
<b>Total comprehensive earnings (loss) attributable to:</b>			
Common shareholders		33,106	(12,326)
Non-controlling interest		866	670
		\$ 33,972	\$ (11,656)

See accompanying notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF CASH FLOWS

IN THOUSANDS OF CANADIAN DOLLARS

	Note	Year ended	
		December 31, 2019	December 31, 2018
<b>Operating activities</b>			
Net earnings		\$ 18,338	\$ 1,938
Adjustments for operating activities	17	10,605	15,959
		\$ 28,943	\$ 17,897
Changes in non-cash operating working capital	17	(1,548)	(2,522)
		\$ 27,395	\$ 15,375
<b>Financing activities</b>			
Proceeds from long-term debt	13	25,208	190,000
Repayment of long-term debt	13	(30,647)	(141,183)
Lease payments	2	(56)	-
Costs on issuance of new debt		-	(2,595)
Payments from (to) non-controlling interest	19	2,594	(816)
Preferred securities distribution	15	(5,000)	(4,931)
Repurchase of common shares	15	(9,273)	(4,533)
Dividends paid	15	(8,117)	(6,899)
		\$ (25,291)	\$ 29,043
<b>Investing activities</b>			
Proceeds from sale of investments	9	27,585	4,332
Acquisition of Great Bay, net of cash assumed	11	(6,153)	-
Cash received from joint ventures	7	16,682	19,346
Acquisition of control of Potash Royalty Limited Partnership	7	-	(63,437)
Generative exploration		(119)	(177)
Exploration and evaluation assets, net of recoveries		(1,682)	(1,347)
Loan to associate		-	(2,625)
Acquisition of royalty interests	10	(13,787)	(6,621)
Acquisition of investments	8 & 9	(30,459)	(27,023)
Acquisition of derivative financial instruments		-	(428)
Acquisition of property and equipment		(435)	(28)
		\$ (8,368)	\$ (78,008)
Net (decrease) in cash and cash equivalents		(6,264)	(33,590)
Cash and cash equivalents, beginning of year		28,392	61,982
<b>Cash and cash equivalents, end of year</b>		\$ 22,128	\$ 28,392

Supplemental cash flow information (Note 17)

See accompanying notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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, January 1, 2018	43,187,291	\$ 269,458	10,000,000	\$ 57,061	(Note 15) \$ 19,113	\$ 33,868	\$ 20,556	\$ 400,056	\$ 69	\$ 400,125
Adoption of IFRS 9 & 15 (Note 2)	-	-	-	-	-	(1,888)	1,134	(754)	-	(754)
Net earnings and comprehensive earnings, January 1 to December 31, 2018	-	-	-	-	-	(13,594)	1,268	(12,326)	670	(11,656)
Non-controlling interest of Potash Royalty Limited Partnership Acquisition (Note 10)	-	-	-	-	-	-	-	-	12,485	12,485
Shares repurchased and cancelled (Note 16)	(369,500)	(2,306)	-	-	-	-	(2,227)	(4,533)	-	(4,533)
Payments to non-controlling interest (Note 19)	-	-	-	-	-	-	-	-	(816)	(816)
Preferred securities distribution (Note 15)	-	-	-	-	-	-	(5,000)	(5,000)	-	(5,000)
Dividends paid to common shareholders	-	-	-	-	-	-	(6,899)	(6,899)	-	(6,899)
Share-based compensation	-	-	-	-	1,902	-	-	1,902	-	1,902
Cash settled RSUs	-	-	-	-	(593)	-	-	(593)	-	(593)
Shares issued under long-term incentive plan	33,935	384	-	-	(384)	-	-	-	-	-
<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 December 31, 2019	-	-	-	-	-	15,634	17,472	33,106	866	33,972
Payments to non-controlling interest (Note 19)	-	-	-	-	-	-	-	-	(1,301)	(1,301)
Receipts from non-controlling interests (Note 19)	-	-	-	-	-	-	1,139	1,139	2,096	3,235
Shares repurchased and cancelled (Note 16)	(802,000)	(5,008)	-	-	-	-	(4,265)	(9,273)	-	(9,273)
Shares issued by subsidiary under services agreement	-	-	-	-	-	-	-	-	687	687
Preferred securities distribution (Note 15)	-	-	-	-	-	-	(5,000)	(5,000)	-	(5,000)
Dividends paid to common shareholders	-	-	-	-	-	-	(8,117)	(8,117)	-	(8,117)
Share-based compensation	-	-	-	-	2,015	-	-	2,015	-	2,015
Cash settled RSUs	-	-	-	-	(518)	-	-	(518)	-	(518)
Shares issued under long-term incentive plan	10,070	125	-	-	(125)	-	-	-	-	-
<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>

See accompanying notes to Consolidated Financial Statements



## NOTES TO THE AUDITED 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 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 consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 11, 2020.

### 2. NEW AND SIGNIFICANT ACCOUNTING POLICIES

#### *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 capital 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.

The Corporation adopted the following standards in 2018:

#### *IFRS 9 – Financial Instruments*

This standard was applied on a modified retrospective basis using the available transitional provisions that allow an entity not to restate comparative period information. The Corporation has recognized the effects of applying this standard as an adjustment to opening retained earnings as at January 1, 2018.

The Corporation applied the irrevocable option for each of its equity investments resulting in measurement of gains and losses in other comprehensive earnings. Under IFRS 9, investments measured at FVOCI were not subject to impairment and gains or losses will not be

reclassified to earnings. Upon the adoption of IFRS 9, the Corporation recorded a reclassification of impairment charges previously recognized in the consolidated statement of earnings from retained earnings to accumulated other comprehensive income as at January 1, 2018. Share purchase warrants continue to be classified and measured at FVTPL.

At January 1, 2018 the Corporation held a Convertible Debenture which did not have contractual cash flow characteristics that are solely payments of principal and interest. As a result, this compound instrument was classified and measured at fair value through profit and loss ("FVTPL") in accordance with IFRS 9. Upon adoption of IFRS 9, the entire investment was measured at fair value, with changes in carrying value recorded in opening retained earnings as at January 1, 2018.

#### *IFRS 15 – Revenue from Contracts with Customers*

The Corporation elected to adopt IFRS 15 using a modified retrospective approach with the cumulative effect of initially applying the standard being recorded as an adjustment to the opening balance of retained earnings. The comparative information was not restated and continues to be reported under the accounting standards in effect for those periods.

The Corporation determined that the streaming revenue is generated based on contracts with customers and as a result is in scope of IFRS 15. The Corporation reassessed the point of control transfer relating to its copper stream and as a result has changed its revenue recognition policy. The Corporation determined that royalty, interest and investment income are not in scope of IFRS 15 as it does not meet the criteria for contract with a customer and hence the Corporation's accounting policies are unchanged as a result of the adoption of this Standard. Similarly, the Corporation determined that proceeds on disposal of exploration and evaluation assets are not in scope of IFRS 15.

The impact on the balance sheet from the adoption of IFRS 9 and IFRS 15 is summarized as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	IFRS 9		IFRS 15		Total
	Convertible Debenture	Investments	Copper Stream		
Accounts receivable	\$ -	\$ -	\$ (2,198)	\$ (2,198)	
Convertible debenture	448	-	-	448	
Deferred tax assets/liabilities	(67)	-	420	353	
Accounts payable and accrued liabilities	-	-	643	643	
Accumulated other comprehensive earnings	-	1,888	-	1,888	
Retained earnings	\$ (381)	\$ (1,888)	\$ 1,135	\$ (1,134)	

The Corporation's significant accounting policies are as follows:

#### *Basis of Presentation*

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These 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.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control exists when the Corporation has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The Corporation reassesses whether or not it controls an investee at each reporting date if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Corporation has less than a majority of the voting rights of an investee, it is deemed to have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Corporation, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

The consolidated financial statements include all subsidiaries in the accounts of the Corporation for the periods presented. The following are considered significant subsidiaries:

Altius Resources Inc.	100%	Exploration company
Altius Royalty Corporation	100%	Holding company
Altius Renewable Royalties Corp.	95.36%	Holding company
Potash Royalty Limited Partnership	91.313%	Royalty partnership

The Corporation also owns an 80% equity interest in Adventus Exploration Limited ("Adventus"), and a 57.11% equity interest in Adia Resources Inc. ("Adia"). Non-controlling interests in the net assets of Altius Renewable Royalties Corp ("ARR"), Potash Royalty Limited Partnership ("PRLP"), Adventus and Adia are identified separately from the Corporation's equity. Each non-controlling interest consists of that non-controlling interest's portion of net assets, earnings, and other comprehensive earnings (loss).

Investments in associates and investments in joint ventures are accounted for using the equity method (Note 7 & 8). Under this method, the Corporation's share of the investment's earnings or losses is included in the statement of earnings and the carrying amount of the investment is adjusted by a like amount.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Corporation loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Corporation had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, and when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### *Cash and cash equivalents*

Cash and cash equivalents consist of amounts on deposit with banks and short-term investments in money market instruments that are readily convertible to cash with maturities of three months or less at the time of purchase.

### *Investments*

Investments in associates over which the Corporation exercises significant influence are accounted for using the equity method. Investments in joint ventures, which the Corporation jointly controls, are accounted for using the equity method. Mining and other investments over which the Corporation cannot exert significant influence are recorded initially at cost and adjustments to reflect changes in the fair value or gains/losses on disposition are recorded in other comprehensive earnings (loss) in subsequent periods.

### *Cash flow hedge*

The Corporation has cash flow hedges which are used to manage exposure to fluctuations in interest rates. The effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. If the change in fair value of the hedging item is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in net earnings. Amounts accumulated in other comprehensive income are reclassified to net earnings when the hedged item is recognized in net earnings. The Corporation ensures that the hedge accounting relationships are aligned with the Corporation's risk management objectives and strategy and applies a more qualitative and forward-looking approach to assessing hedge effectiveness.

### *Exploration and evaluation assets*

The Corporation defers costs for mineral properties and exploration costs when the Corporation has in its possession the legal right to explore for mineral deposits on a given property. General prospecting and exploration costs incurred prior to the staking of specific mineral claims are expensed immediately. Exploration and evaluation assets include the direct costs of acquiring, maintaining, exploring and developing properties, an allocation of geologists' and prospectors' salaries based on time spent, and other costs directly related to specific properties. Mineral properties acquired for share consideration are recorded at the fair value of the mineral properties received.

Incidental revenue and cost recoveries relating to exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation assets to which the fees and payments relate, and any excess is recorded as other revenue on the consolidated statement of earnings.

Management reviews the carrying values of exploration and evaluation assets' costs on a quarterly basis. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the Corporation will continue exploration on the project. The Corporation does not set a pre-determined holding period for properties with unproven reserves, however, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if further exploration is warranted and if there is an indication of impairment.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against earnings in the year of abandonment or determination of impairment. The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of exploration and evaluation assets that are developed to the stage of technical feasibility and commercial viability will be amortized to operations on a units-of-production basis over the life of the economically recoverable reserves.

### *Decommissioning and restoration provision*

The Corporation recognizes a provision for decommissioning and restoration costs associated with long-lived assets which includes the abandonment of exploration and evaluation assets and costs required to return the property to its original condition.

The Corporation recognizes the fair value of the provision in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Corporation's risk-free interest rate. The provision is subsequently adjusted for the passage of time and is recognized as an accretion expense in the consolidated statement of earnings. The provision is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows. The increase in the carrying value of the asset is amortized on the same basis as exploration and evaluation assets.

#### *Property and equipment*

Property and equipment is initially recorded at cost and is amortized over its estimated useful life. Amortization is recognized using the straight-line method with the following useful lives:

Computer equipment	2 Years
Geological equipment	3 Years
Office equipment	3 Years
Office lease	7 Years
Leasehold improvements	7 Years

#### *Impairment of royalty, streaming and interest in joint ventures*

At each reporting date the carrying amounts of the Corporation's royalties, streaming interests and interests in joint ventures are reviewed to determine whether there is any indication that those assets are impaired. If an impairment indicator exists, the Corporation then must determine its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of earnings. If an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in impairment in the statement of earnings.

#### *Revenue recognition*

Royalty income is recognized when the underlying commodity is extracted, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Corporation and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Stream revenue from customers is recognized when the Corporation becomes entitled to payment upon satisfying its performance obligation by delivering the commodity, at which point control over the commodity transfers to the customer. Interest and investment income is recognized on an accrual basis. Other revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services.

#### *Income taxes*

The Corporation follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of unused tax losses, unused tax credits, and differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is probable they will be realized.

### *Foreign currency translation*

The presentation currency and the functional currency of the Corporation and significant subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses on translation of monetary assets and liabilities are included in the determination of net earnings (loss) for the period.

The Corporation's subsidiaries with non-Canadian dollar functional currencies are translated using the rate in effect at the balance sheet date for assets and liabilities, and the average exchange rates during the period for revenue and expenses. The resulting translation adjustment is recorded as a separate component of accumulated other comprehensive earnings (loss).

### *Share-based payments*

The compensation cost for options granted to employees, directors and non-employees is determined based on the estimated fair value of the stock options at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to share-based payment reserve. When options are exercised, the corresponding share-based payment reserve and the proceeds received by the Corporation are credited to share capital. At each reporting date the Corporation revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the consolidated statement of earnings such that the cumulative expense reflects the revised estimate with a corresponding adjustment to reserves.

The Corporation also has a deferred share unit ("DSU") plan and a restricted share unit ("RSU") plan, which are accounted for as equity. Each unit awarded under the plans represents a unit with an underlying value equal to the value of one common share of the Corporation. The units awarded vest over a specified service period in accordance with the plan and can be equity or cash settled at the discretion of the Corporation. The units awarded are recorded as share-based compensation through the share-based payments reserve and are expensed over the vesting period.

### *Earnings per share*

Basic and diluted net earnings per share is calculated using the weighted average number of common shares for the respective periods. The diluted net earnings per share is calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options. For loss periods, the diluted net loss per share is calculated using weighted average number of common shares outstanding for the respective periods without giving effect to dilutive stock options since their inclusion would be anti-dilutive.

Diluted earnings per share is calculated using the treasury stock method, whereby it is assumed that proceeds received on the exercise of in-the-money stock options and warrants are used to repurchase the Corporation's shares at the average market price during the period.

### *Business combinations and goodwill*

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty interest in mineral properties and exploration and evaluation assets acquired generally require a high degree of judgment, and include estimates of mineral reserves and resources acquired, expected production levels, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Acquisition related costs are recognized in the consolidated statements of earnings.

Where a business combination is achieved in stages, the Corporation's previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date the Corporation attains control, and any resulting gain or loss is recognized in the consolidated

statements of earnings. Amounts previously recognized in other comprehensive earnings related to interests in the acquiree prior to the acquisition date are reclassified to the consolidated statements of earnings, where such treatment would be appropriate if that interest were disposed of.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated goodwill impairment losses, if any, and is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

#### *Intangible assets – royalty interest in mineral properties*

Royalty interests acquired are recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. These intangible assets are also recognized when acquired individually or with a group of other assets. Royalty interests are initially recorded at their estimated fair value. Intangible assets with a finite life are amortized over their useful economic lives on a straight-line or units of production basis, as appropriate with the amortization expense included in the statement of earnings. Intangible assets that are not yet ready for use are not amortized until available for use. All intangible assets are reviewed for impairment indicators at each reporting period. The useful lives are reviewed at each reporting period to ensure no adjustments are needed. The Corporation has no identifiable intangible assets for which the expected useful life is indefinite.

#### *Intangible assets – streaming interest and streaming revenue*

Streaming interests are initially recorded at their estimated fair value based on consideration paid to acquire the asset. These intangible assets have finite lives and are amortized and depleted over their useful economic lives on a units of production basis. The amortization and depletion expense is included in the consolidated statement of earnings. All intangible assets are reviewed for impairment indicators at each reporting period. The useful lives are reviewed at each reporting period to ensure no adjustments are needed.

#### *Intangible assets – other*

Other intangible assets are initially recorded at their estimated fair value based on consideration paid to acquire the asset or recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. These intangible assets have finite lives and are amortized and depleted over their useful economic lives on a straight line basis. The amortization expense is included in the consolidated statement of earnings. All intangible assets are reviewed for impairment indicators at each reporting period. The useful lives are reviewed at each reporting period to ensure no adjustments are needed.

#### *Segment reporting*

The Corporation manages its business under two operating segments consisting of:

- the acquisition and management of producing and development stage royalty and streaming interests ("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").

Both 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 chief operating decision-maker (“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.

### **3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Estimates and assumptions are continually evaluated and are based on historical experience, current and future economic conditions and other factors, including expectations of events that are believed to be reasonable under the circumstances. In preparing these consolidated financial statements, the significant judgments made by management in applying the Corporation’s accounting policies, basis of consolidation and the key sources of estimation uncertainty include but are not limited to the following:

#### *Business combinations*

For business combinations, the Corporation must make assumptions and estimates to determine the fair value of consideration paid and the purchase price allocation of the business being acquired. To do so, the Corporation must determine the acquisition-date fair value of the identifiable assets acquired, including intangible assets and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses. Goodwill, if any, is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated balance sheet on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Corporation’s future earnings.

#### *Income taxes*

The Corporation has available unused operating losses and temporary timing differences as disclosed in Note 12 to the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

#### *Share-based compensation*

The fair value of certain share-based compensation units require judgment in the determination of fair value using assumptions on expected volatility, expected lives and other factors that could affect the value reported as an expense and as an obligation.

#### *Goodwill impairment*

The allocation of goodwill to cash generating units requires significant management judgment. The value in use calculation requires the Corporation to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value. Determining whether goodwill is impaired requires an estimation of the higher of value in use (“VIU”) or fair value less costs of disposal (“FVLCD”) of the cash-generating units to which goodwill has been allocated (Note 6). Where the actual future cash flows are less than expected, a material impairment loss may arise.



#### *Investments in joint ventures*

Certain joint ventures hold royalty interests in mineral properties that include the acquired royalty interest in production stage mineral properties. The production stage royalty interest is recorded initially at its cost and is being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization of the royalty and the related amount of the equity pickup and the assessment of the recoverability of the carrying value of the investment in joint ventures. The Corporation has the ability to jointly control the relevant activities of these joint arrangements and has classified these as joint ventures (Note 7).

#### *Royalty and streaming interests*

The Corporation holds royalty interests in production stage mineral properties. The production stage royalty interests are recorded using the fair value assigned to the assets (Note 10) and are being amortized using the units of production basis over the expected life of the mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the royalty interests impact the measurement of the respective assets. These estimates affect amortization and the assessment of the recoverability of the carrying value of the royalty interest in mineral properties.

Certain royalty interests held in the investment in joint ventures are potentially exposed to new adverse regulations or regulatory requirements relating to the Government of Alberta's plan to phase out coal fired electricity by 2030. Management has determined that no indicators of impairment of such royalty interests exist at December 31, 2019 in relation to the phase out.

The Corporation holds a streaming interest in a production stage mineral property. The streaming interest is recorded at the fair value assigned to the asset and is being amortized and depleted using the units of production basis over the expected life of the related mineral property, which is determined using available estimates of proven and probable reserves. Determination of proven and probable reserves by the operators associated with the streaming interest impact the measurement of the streaming interest. These estimates affect amortization and depletion and the assessment of the recoverability of the carrying value of the streaming interest.

## **4. FUTURE ACCOUNTING PRONOUNCEMENTS**

#### *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 expects 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 expects no material impact upon applying the amendments to this amendment.

## 5. EXPLORATION AND EVALUATION ASSETS

IN THOUSANDS OF CANADIAN DOLLARS

Project	Note	As at December 31, 2018	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at December 31, 2019
<b>Labrador</b>						
Platinum Group Elements		531	1	-	-	532
Iron Ore		1,908	1	-	-	1,909
Other	a	12	28	-	-	40
<b>Newfoundland</b>						
Gold		3	(3)	-	-	-
Silver		540	48	-	-	588
<b>Manitoba - Diamonds</b>	e	1,367	1,995	-	-	3,362
<b>Alberta, British Columbia &amp; Saskatchewan</b>						
Coal	b	13,350	-	(9,000)	-	4,350
Potash		500	-	-	-	500
Gold, Silver		18	-	(9)	-	9
Copper		19	-	(19)	-	-
<b>United States - Base metals</b>		769	28	-	(84)	713
<b>Ireland - Base metals</b>		194	(37)	-	-	157
<b>Spain - Cobalt</b>		213	-	-	-	213
<b>Australia - Zinc, Silver</b>		379	9	-	(306)	82
<b>Security Deposits</b>		173	(24)	(11)	(7)	131
<b>Total</b>		\$ 19,976	\$ 2,046	\$ (9,039)	\$ (397)	\$ 12,586

### a. Goethite Bay

On August 20, 2019 the Corporation signed an agreement to vend its Goethite Bay iron ore project in western Labrador to High Tide Resources Corp ("High Tide"), a subsidiary of Avidian Gold Corp. High Tide has committed to incur at least \$2,000,000 in exploration expenditures over the next two years, to obtain a public listing and raise \$5,000,000, and to issue 19.9% of its shares to Altius on a post-financing basis. Altius will retain a 2.75% gross sales royalty ("GSR") on the project.

### b. Tower

During the year ended December 31, 2019 the Corporation recorded an impairment of \$9,000,000 of its exploration and evaluation Tower project (export thermal coal project in Alberta). Based on the outlook for 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.

IN THOUSANDS OF CANADIAN DOLLARS

Project	Note	As at December 31, 2017	Additions/ Reclassifications, net of recoveries	Abandoned or impaired	Sold	As at December 31, 2018
<b>Labrador</b>						
Platinum Group Elements		526	5	-	-	531
Iron Ore		1,898	10	-	-	1,908
Copper		134	1	(135)	-	-
Other		3	9	-	-	12
<b>Newfoundland</b>						
Gold	c & f	328	22	(40)	(307)	3
Silver		522	18	-	-	540
<b>New Brunswick - Zinc</b>						
		95	22	(117)	-	-
<b>Quebec - Gold</b>						
	d	427	77	-	(504)	-
<b>Manitoba - Diamonds</b>						
	e	439	928	-	-	1,367
<b>Alberta, British Columbia &amp; Saskatchewan</b>						
Coal	h	13,471	-	-	(121)	13,350
Potash		500	-	-	-	500
Gold, Silver		34	6	(22)	-	18
Copper		16	3	-	-	19
<b>United States - Base metals</b>						
		731	38	-	-	769
<b>Ireland - Base metals</b>						
		217	(23)	-	-	194
<b>Finland - Gold, Nickel</b>						
		429	32	(461)	-	-
<b>Spain - Cobalt</b>						
		-	213	-	-	213
<b>Australia - Zinc, Silver</b>						
	g	167	212	-	-	379
<b>Security Deposits</b>						
		360	(178)	(9)	-	173
<b>Total</b>		\$ 20,297	\$ 1,395	\$ (784)	\$ (932)	\$ 19,976

#### c. Moosehead

On March 21, 2018 the Corporation received 7,754,371 common shares from Sokoman Iron Corp. ("Sokoman") for the Moosehead gold project, which was optioned to Sokoman on November 10, 2017. Altius also retains a 2% net smelter return ("NSR") royalty on this project. The market value of the shares received was \$310,000, of which \$288,000 was recorded as a reduction in the mineral properties and \$22,000 was recorded as other income. Subsequent to year end, Sokoman satisfied all option requirements and acquired 100% of the project.

#### d. Quebec Properties

On July 13, 2018 the Corporation amended its strategic exploration alliance agreement with Midland Exploration Inc. ("Midland") relating to exploration in the James Bay area of Quebec by exchanging its various 50% property interests for 461,487 Midland common shares and subscribing for an additional 198,386 Midland common shares. The market value of the shares received in exchange for the mineral property interests was \$332,000 which was recorded as a reduction in the mineral properties and a mineral property writedown of \$172,000 was recognized. Altius was also granted a 1% NSR royalty on the alliance projects as part of the revised arrangement, with Midland receiving an equal 1% NSR royalty on the same projects.

#### e. Adia Resources Inc.

On September 24, 2018 the Corporation announced its incorporation of a private company, Adia Resources Inc. ("Adia"), to accelerate the ongoing exploration, advancement and financing of its Lynx Diamond Project in Manitoba. The Corporation vended the project into Adia in consideration for an 80% equity stake in Adia and has the option to purchase a 2.5% gross sales royalty on the project. During the year ended December 31, 2019 Adia completed a private placement to further its exploration program and the Corporation diluted its ownership to 57.1% (Note 19).

#### f. Daniels Harbour

On July 30, 2018 the Corporation entered into an agreement to sell its Daniels Harbour zinc project to Canstar Resources ("Canstar") for 2,419,024 common shares, subject to the retention of a 2% NSR royalty. As part of the transaction, the Corporation also invested \$500,000 in

Canstar via a flow through financing. The market value of the shares received was \$484,000, of which \$19,000 was recorded as a reduction in the mineral properties and \$465,000 was recorded as other income.

**g. Australian properties**

The Corporation completed transactions covering its entire Australian minerals landholdings, which included the vending of seven properties to a private Australian company in exchange for 3,500,000 shares and a 1% GSR. Three other properties were dealt to a leading diversified mining company active in the Mount Isa district under an option to earn a 75% interest in the projects by expending \$2,500,000 (AUD) over the next four years, with the Corporation retaining a 1% GSR.

**h. Land Dispositions**

During year ended December 31, 2018 parcels of land in Alberta were sold for proceeds of \$121,000. The sales were recorded as reductions in the carrying value of the Corporation's exploration and evaluation assets. There was no gain or loss recorded on this disposition.

**6. GOODWILL**

IN THOUSANDS OF CANADIAN DOLLARS

		Total
Balance, December 31, 2017	\$	7,841
Less: Impairment		1,810
Balance, December 31, 2018	\$	6,031
Less: Impairment		-
Balance, December 31, 2019	\$	6,031

At December 31, 2019 the Corporation performed an annual impairment test for its goodwill arising from the Callinan Royalties Corporation ("Callinan") acquisition, specifically a potential mine life extension on the 777 mine and related royalty and deferred tax attributes. There was no evidence of impairment indicators on the royalty interests identified during the current year. The Corporation has monitored the public documentation disclosed regarding the mine by Hudbay Minerals, the mine and mill operator of 777, as well as commodity prices such as copper, zinc, gold and silver. The mine is expected to close in April 2022.

For the impairment test, VIU was used to determine the recoverable amount since it was greater than the FVLCD. VIU was calculated using discounted after-tax cash flows based on cash flow projections and assumptions supporting the Corporation's royalty interest in the 777 mine.

The discounted cash flow incorporates management's best estimates of key assumptions which include discount rates, future commodity prices, production based on current estimates of recoverable reserves, consideration of mineral resources and future foreign exchange rates. The cash flows are for periods up to the date the mine is expected to cease production in approximately two years based on publicly available documentation. An after-tax discount rate of 7% was used and reflects a shortened mine life. The cash flow calculations were based on estimates of future production levels using expected tonnage, grades, recoveries and reserves and factors in historical data. Commodity prices used in the impairment assessment were determined by reference to external market participant sources. The key commodity prices for this assessment are the prices of copper, zinc, silver and gold as follows:

	2020	2021	2022
Copper (\$US/lb)	2.62	2.85	2.90
Zinc (\$US/lb)	1.04	1.07	1.08
Gold (US\$/oz)	1,510	1,485	1,470
Silver (\$US/oz)	17.85	18.20	18.20
Foreign exchange (US to CAD)	1.32	1.30	1.30

Expected future cash flows used to determine the VIU in the impairment testing are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events, future impairments may be identified. This may have a material effect on the Corporation's consolidated financial statements. Although it is reasonably possible for a change in key assumptions to occur, the possible effects of a change in any single assumption may not fairly reflect the impact on the 777 CGU's fair value as the assumptions are inextricably linked.

The Corporation recognized no impairment of goodwill during the year ended December 31, 2019 (December 31, 2018 - \$1,810,000).

## 7. 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	656	5,747	6,403
Cash receipts	(1,033)	(15,649)	(16,682)
Balance, December 31, 2019	\$ 5,408	\$ 81,473	\$ 86,881

The Corporation holds a 10% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP"), a limited partnership that holds a 3% royalty over the Voisey's Bay nickel-copper-cobalt mine located in Labrador, Canada. LNRLP's sole business is the receipt and distribution of proceeds from the royalty on the mine.

The Corporation holds an indirect 52.369% interest in the Genesee Royalty Limited Partnership ("GRLP") and the Coal Royalty Limited Partnership ("CRLP") (collectively the "Prairie Royalties LPs"). The Prairie Royalties LPs hold the rights to subsurface minerals in respect of a portfolio of coal properties in the Canadian province of Alberta and have entered into leases or similar agreements with mining companies and electrical utilities that, in return for payment of a royalty, grant these companies the right to exploit the subsurface mineral resources.

During the year ended December 31, 2019 the CRLP recorded an impairment charge on its Cardinal River royalty interest. On May 30, 2019 the operator, Teck Resources Limited ("Teck"), announced that it would not proceed with a proposed expansion at the Cardinal River steelmaking coal operation and that the existing operations are expected to close in the second half of 2020. Included in the December 31, 2019 earnings from joint ventures is an impairment charge of \$4,090,000 relating to the Corporation's 52.369% interest. In accordance with IAS 36 Impairment of Assets, the Partnership estimated the VIU as well as the FVLCD of the royalty stream. Both values were determined using a net present value calculation based on the expected sales tonnes multiplied by the expected price per tonne and discounted using an after tax discount rate of 5%.

At December 31, 2018 GRLP recorded an impairment on its royalty interests in relation to the renegotiation of one of its royalty rates. GRLP and Capital Power Corporation, the operator and royalty payor, agreed to amend one of its royalty calculations at the Genesee mine to an inflationary based rate similar to other coal royalty rates within the Prairie Royalties LPs. The new methodology provides for greater cash flow

certainty and ease of re-computation for both parties. Included in the December 31, 2018 earnings from joint ventures is an impairment charge of \$3,533,000 relating to the Corporation's 52.369% interest. VIU was used to determine the recoverable amount and was greater than the FVLCD calculation. VIU was calculated using discounted after-tax cash flows based on cash flow projections and assumptions supporting GRLP's royalty interest in the Genesee mine. An after-tax discount rate of 5% was used.

On March 23, 2018 the Corporation together with a private third party acquired an additional 44.935% in Potash Royalty Limited Partnership ("PRLP"), one of the Prairie Royalties LPs, from Liberty Metals & Mining Holdings, LLC for total cash consideration of \$75,000,000, \$65,000,000 of which is the Corporation's portion. The acquisition is considered an asset acquisition for financial reporting purposes. This acquisition brings the Corporation's total interest in PRLP to 91.313% from its previous 52.369% ownership. Effective March 23, 2018, the Corporation consolidated the net assets of PRLP, recognized a non-controlling interest and discontinued equity accounting for PRLP in accordance with IFRS 10 Consolidated Financial Statements. Thus PRLP is no longer classified as a joint venture.

A summary of assets, liability, income, expenses and cash flow of the joint ventures based on financial information that is available is as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	LNRLP <sup>(1)</sup>		Prairie Royalties LP <sup>(2)</sup>	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Balance Sheets</b>				
Current assets	\$ -	\$ -	\$ 7,340	\$ 7,523
Royalty interests	5,406	5,784	142,254	167,958
Non-current assets	-	-	-	-
Current liabilities	-	-	59	264
Non-current liabilities	-	-	-	-
<b>Statement of Earnings</b>				
Royalty income	\$ 1,255	\$ 1,155	\$ 30,027	\$ 31,214
Other revenue	-	-	68	30
Royalty tax	(251)	(231)	-	-
General and administrative	(55)	(655)	(160)	(313)
Amortization	(293)	(232)	(11,148)	(6,804)
Impairment	-	-	(7,810)	(6,746)

(1) Figures presented are the Corporation's portion of 10%; 100% basis IFRS financial statements not available.

(2) Figures presented on a 100% basis using IFRS financial statements for the years ended December 31, 2019 and December 31, 2018 for GRLP and CRLP

## 8. INVESTMENTS 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		(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

### Percentage ownership:

At December 31, 2018	37.98%	21.83%
At December 31, 2019	37.69%	15.51%

Effective May 22, 2019 the Corporation's ownership in Adventus Mining Corporation ("Adventus") was diluted to 18.1% and further diluted to 15.51% on August 9, 2019. The Corporation currently holds 15,605,938 (December 31, 2018 - 15,548,861 shares) or 15.51% of total outstanding shares (December 31, 2018 - 21.9%). 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.

The Corporation currently holds 52,526,206 shares (December 31, 2018 - 52,526,206) in Alderon Iron Ore Corporation ("Alderon") or 37.69% (December 31, 2018 - 37.98%) 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. 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. The loan receivable is classified and measured at amortized cost. The Sprott credit facility bears interest at 10% per annum, payable monthly and was intended to mature on December 31, 2019 however was extended to February 14, 2020 prior to year-end. Interest income in the amount of \$269,000 (December 31, 2018 - \$128,000) has been recognized during the year ended December 31, 2019. Subsequent to December 31, 2019, the credit facility maturity date was extended again from February 14, 2020 to March 31, 2020.

The Corporation's share of earnings (loss) in associates was derived from the most recent set of publicly available financial statements of the investment. Financial highlights of the Corporation's investment in associates include the following:

IN THOUSANDS OF CANADIAN DOLLARS

	Alderon		Adventus Zinc	
	September 30, 2019 <sup>(1)</sup>	December 31, 2018 <sup>(2)</sup>	September 30, 2019 <sup>(1)</sup>	December 31, 2018 <sup>(2)</sup>
<b>Balance Sheets</b>				
Current assets	\$ 3,217	\$ 7,107	\$ 20,302	\$ 7,050
Current liabilities	27,676	27,412	1,681	1,665
Non-current assets	115,495	115,218	33,899	23,317
Non-current liabilities	1	-	-	-
<b>Statement of Earnings</b>				
Revenue	\$ -	\$ -	\$ -	\$ 937
Other comprehensive (loss) earnings	(4,170)	(6,571)	(1,075)	(1,729)
Net (loss) earnings	(4,170)	(6,571)	(1,082)	(1,732)

(1) As presented in the most recently published financial statements

(2) As presented in the Audited financial statements

## 9. 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	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

As at December 31, 2019 mining and other investments include an investment in Labrador Iron Ore Royalty Corporation of \$93,103,000 (December 31, 2018 - \$84,719,000) consisting of 3,781,600 (December 31, 2018 - 3,495,000) common shares.

The Corporation holds investments in other publicly listed entities with a goal of long-term capital appreciation, either through direct investment or in exchange for an interest in the Corporation's mineral properties. The fair value of the publicly traded entities is determined by reference to the unadjusted quoted prices in active markets, normally either the TSX or TSX Venture exchange.

The Corporation disposed of investments having a carrying value of \$16,171,000 for gross cash proceeds of \$27,585,000 and non-cash proceeds of \$103,000 and recognized a gain on disposal of \$11,414,000 through other comprehensive earnings during the year ended December 31, 2019. The Corporation disposed of investments having a carrying value of \$858,000 for gross cash proceeds of \$4,332,000 and non-cash proceeds of \$92,000 and recognized a gain on disposal of \$3,474,000 through other comprehensive earnings during the year ended December 31, 2018.



## 10. ROYALTY AND STREAMING INTERESTS

IN THOUSANDS OF CANADIAN DOLLARS

	Note	As at December 31, 2018	Additions	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>		<b>\$ 297,843</b>	<b>\$ 17,137</b>	<b>\$ 314,980</b>
<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>		<b>\$ 44,723</b>	<b>\$ 14,852</b>	<b>\$ 59,575</b>
<b>Net book value</b>		<b>\$ 253,120</b>	<b>\$ 2,285</b>	<b>\$ 255,405</b>

### a. Other Potash

During the year ended December 31, 2019 the Corporation acquired additional potash royalty interests in Rocanville and Esterhazy mines totaling \$346,000 from a number of royalty holders.

### b. 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\$10,000,000 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 15.51% of the outstanding shares of Adventus.

### c. Michelin

In December 2019 the Corporation completed the sale of its 2% GSR on the Michelin uranium project in Labrador to Uranium Royalty Corporation ("URC") in return for 2,833,332 common shares and 2,833,332 common share purchase warrants, which were issued at \$1.50

per unit as part of URC's initial public offering dated December 6, 2019. The Michelin royalty is a predevelopment stage royalty which had a nominal carrying value assigned and a gain of \$4,250,000 on disposition of royalty interest was recognized in the consolidated statement of earnings.

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	d & e	\$ 11,891	\$ 60,989	\$ 72,880
Esterhazy - Potash	d	3,000	29,869	32,869
Cory - Potash	d	-	18,812	18,812
Allan - Potash	d	-	6,317	6,317
Patience Lake - Potash	d	-	3,872	3,872
Vanscoy - Potash	d	-	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	f	5,300	5,000	10,300
Sheerness West - Coal	g	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>		\$ 176,787	\$ 121,056	\$ 297,843
<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>		\$ 30,151	\$ 14,572	\$ 44,723
<b>Net book value</b>		\$ 146,636	\$ 106,484	\$ 253,120

**d. Potash Acquisition**

On March 23, 2018, following the acquisition of control of PRLP, the Corporation consolidated the net assets of PRLP, consisting of potash royalty interests of \$123,435,000, cash of \$11,563,000, working capital of \$1,765,000 and a non-controlling interest of \$12,485,000. Upon the acquisition of control, the Corporation reclassified its previously held interest in joint venture, at cost, of \$48,535,000 (Note 7) recognizing no gain or loss. The value assigned to the royalty interests of \$123,435,000 consists of the Corporation's cost of its investment in PRLP, the net \$65,000,000 for the newly acquired ownership and the cost of the non-controlling interest, net of any working capital and purchase price adjustments.

PRLP receives royalty income from six producing potash mines located in Saskatchewan, Canada, including Nutrien Ltd.'s Rocanville, Vanscoy, Allan, Cory and Patience Lake mines and The Mosaic Company's Esterhazy mine. The Corporation has allocated the acquisition purchase price between the six royalty assets. The Corporation elected to pay for the acquisition using \$65,000,000 from its revolving credit (Note 13) and \$10,000,000 from cash on hand. The acquisition cost of \$75,000,000 is shown net of PRLP's cash assumed of \$11,563,000 in the statement of cash flows.

**e. Other Potash**

During the year ended December 31, 2018 the Corporation acquired additional potash royalty interests in Nutrien's Rocanville mine totalling \$1,621,000 from a number of small royalty holders.

**f. Gunnison**

The Corporation exercised an option to increase its gross sales royalty related to the Excelsior Mining Corp. ("Excelsior") Gunnison Copper Project by payment of the sum of \$5,000,000. The option exercise was triggered upon delivery by Excelsior of a construction notice which in turn followed recent permitting and project finance completions. The Corporation now holds a 1.625% gross revenue royalty ("GRR") while plant capacity is less than 75,000,000 lbs of copper per annum and a 1.5% GRR while the plant capacity is equal to or greater than 75,000,000 pounds of copper per annum.

**g. Sheerness West**

At December 31, 2018 the Corporation recorded an impairment loss of \$9,000,000 on its Sheerness West royalty interest in relation to the phase out of coal fired electrical power in Alberta by 2030. Sheerness West is a non-producing royalty interest and as a result of the shortened life of the generating stations near the Sheerness mine the Corporation does not expect the coal to be mined or royalties to be received. The recoverable amount was determined to be \$nil using both a value in use and fair value less costs of disposal calculation.

## **11. ACQUISITION OF RENEWABLE ENERGY BUSINESS & INVESTMENT**

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\$5,000,000 (CAD\$6,500,000). 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.

The Corporation has accounted for the purchase of Great Bay in accordance with *IFRS 3 Business Combinations*. The purchase price of the acquisition, before acquisition costs, has been allocated based on the estimated fair value of the net assets acquired from Great Bay.

Since the acquisition date royalty income of \$340,000 and general and administrative expenses of \$1,201,000 have been included in the Corporation's financial results. Had the business combination occurred at the beginning of the annual reporting period any impact to the financial results would have been nominal.

*Allocation of net purchase price of Great Bay*

The fair value of the net purchase price has been allocated to the estimated fair values of the Great Bay assets and liabilities as at February 5, 2019 in accordance with the purchase method, as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	Net total	
<b>Assets acquired:</b>		
Cash and cash equivalents	\$	415
Total current assets	\$	415
Other intangible assets	\$	2,771
Royalty interest in renewables	\$	3,382
<b>Fair value of net assets</b>	<b>\$</b>	<b>6,568</b>
Fair value of consideration paid	\$	6,568
Fair value of net assets	\$	6,568
	\$	-

### 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% GRR 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. An initial investment of US\$7,500,000 (CAD\$9,840,000) was made in TGE upon closing using cash on hand and classified as mining and other investments. In October 2019, TGE achieved certain milestones, making available to TGE a portion of the second tranche of funding and the Corporation funded US\$3,000,000 (CAD\$3,996,000). TGE had 12 months to request the remaining US\$3,500,000 (CAD \$4,570,000) of the second tranche which the Corporation is obligated to fund, per the agreement. Subsequent to December 31, 2019 this tranche was funded by the Corporation.

## 12. INCOME TAXES

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

IN THOUSANDS OF CANADIAN DOLLARS

	December 31, 2019		December 31, 2018	
Temporary differences related to exploration and evaluation assets, property and other	\$	(8,124)	\$	(5,398)
Non capital and net capital loss carryforwards		3,395		2,079
Carrying value of investments in excess of tax values		(4,348)		(3,128)
Temporary differences related to preferred securities		(30,000)		(30,000)
Deferred and deductible share-based compensation and other costs		981		839
Share and debt issue costs		636		1,052
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties		(7,431)		(12,650)
	\$	(44,891)	\$	(47,206)

	December 31, 2019		December 31, 2018	
Deferred tax liabilities	\$	(50,843)	\$	(51,969)
Deferred tax assets		5,952		4,763
Total deferred income tax	\$	(44,891)	\$	(47,206)

The Corporation has \$78,000,000 of temporary differences associated with investments in joint ventures on which deferred tax liabilities have not been recognized given that the Corporation has the ability to control the timing of the reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates of 30% (December 31, 2018 – 30%) to earnings before taxes. The differences are from the following items:

IN THOUSANDS OF CANADIAN DOLLARS

	Year ended December 31, 2019	Year ended December 31, 2018
Expected tax expense	\$ 6,126	\$ 1,805
Taxable portion of capital gains and losses in OCI	906	2,434
Net deductible permanent differences	(5,968)	(2,310)
Adjustments in relation to earnings from associates and joint ventures	4,225	2,129
Differences in statutory rates on earnings of subsidiaries	(3,208)	20
	\$ 2,081	\$ 4,078

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

IN THOUSANDS OF CANADIAN DOLLARS

	Year ended	
	December 31, 2019	December 31, 2018
Current tax	\$ 5,644	\$ 6,735
Deferred tax	(3,563)	(2,657)
	\$ 2,081	\$ 4,078

### 13. DEBT

IN THOUSANDS OF CANADIAN DOLLARS

At amortized cost	December 31, 2019	December 31, 2018
Long-term debt	\$ 107,828	\$ 112,790
Current	20,000	20,000
Non-current	87,828	92,790
	\$ 107,828	\$ 112,790

On March 21, 2018 the Corporation completed a draw-down of \$65 million on its previous revolving facility which, combined with \$10 million in cash, funded the Liberty Potash Royalties acquisition (Note 10).

On June 29, 2018 the Corporation amended its senior secured debt facility to refinance its previous term and revolver debt of \$125 million. The amendment, which was considered to be an extinguishment of debt, replaced the combination of outstanding term and revolver debt with a \$125 million term facility (the "Term Credit Facility") and provided access to an additional \$100 million revolving facility (the "Revolving Facility" and collectively the "Amended Credit Facilities").

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 December 31, 2019, the Corporation has approximately \$85,000,000 of additional liquidity on its revolving facility. During the year ended December 31, 2019 the Corporation repaid \$20,000,000 on its term facility (December 31, 2018 - \$66,750,000) in addition to repaying approximately \$10,647,000 on its revolving facility (December 31, 2018 - \$74,433,000).

The Term Credit Facility has a five-year term and is repayable by June 2023 with quarterly principal repayments of \$5,000,000 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,

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 December 31, 2019 is \$70,000,000 (December 31, 2018 - \$90,000,000). 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 December 31, 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 \$528,000 (December 31, 2018 - \$397,000) 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 year ended December 31, 2019 \$721,000 (December 31, 2018 - \$542,000) of the costs were recognized as interest expense the consolidated statement of earnings.

As at December 31, 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	\$35,000	\$14,317	\$ 49,317
	\$95,000	\$14,317	\$ 109,317
	Less: unamortized debt costs		1,489
			\$ 107,828

## 14. REVENUE AND GENERAL AND ADMINISTRATION EXPENSES

IN THOUSANDS OF CANADIAN DOLLARS

Revenue and other income	Year ended	
	December 31, 2019	December 31, 2018
Royalty	\$ 27,250	\$ 24,153
Copper stream*	17,632	16,992
Interest and investment	16,021	7,600
Other	322	490
Total revenue and other income	\$ 61,225	\$ 49,235

\*Revenue from contracts with customers

IN THOUSANDS OF CANADIAN DOLLARS

General and administrative expenses	Year ended	
	December 31, 2019	December 31, 2018
Salaries and benefits	\$ 6,198	\$ 4,515
Professional and consulting fees	1,629	2,286
Office and administrative	1,151	1,234
Travel and accommodations	616	517
Total general and administrative	\$ 9,594	\$ 8,552

## 15. SHARE CAPITAL

Unlimited number of Common voting shares

Unlimited number of First Preferred shares

Unlimited number of Second Preferred shares

The First and Second Preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Corporation has not issued any First or Second Preferred shares.

### *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 802,000 common shares, (389,000 of which were legally cancelled on January 3, 2020) during the year ended December 31, 2019 at a cost of \$9,273,000 (December 31, 2018 - 369,500 common shares at a cost of \$4,533,000). Subsequent to December 31, 2019 the Corporation repurchased an additional 249,500 common shares at a cost of \$2,600,000.

### *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.

	Year ended	
	December 31, 2019	December 31, 2018
Weighted average number of shares:		
Basic	42,758,631	43,171,947
Diluted	43,035,658	43,426,358

### *Other equity reserves*

Other equity reserves consist of share-based payment reserves of \$5,382,000, warrants of \$12,959,000 and contributed surplus of \$3,069,000 for a total of \$21,410,000. Share-based payment reserve amounts are in respect of stock options, DSUs and RSUs. In addition, there are 400,000 warrants issued to Yamana at an exercise price of \$14.00 with an expiry date of May 3, 2021 and 6,670,000 warrants issued to 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.

### *Preferred securities*

Fairfax Financial Holdings Limited and certain of its subsidiaries (collectively "Fairfax") purchased, on a private placement basis, at a price of \$10, a 5% preferred security, an amount of \$100,000,000. The preferred securities are subordinate secured securities that may be repaid by the Corporation at any time after April 26, 2022 and at any time after April 26, 2020 if the volume-weighted average trading price of its common shares for any 10-day period after April 26, 2020 is at least \$24 per share. The preferred securities have a maturity date of April 26, 2102 and are considered an instrument consisting of both debt and equity. At December 31, 2019 the Corporation used a net present value calculation and determined that the debt component is nominal given the maturity date and, as a result, the preferred securities are presented as equity in the consolidated financial statements. During the year ended December 31, 2019 the Corporation declared and paid distributions of \$5,000,000 (December 31, 2018 - \$5,000,000) to preferred security holders.

## 16. SHARE-BASED COMPENSATION

The Corporation recognized the following share-based compensation:

IN THOUSANDS OF CANADIAN DOLLARS

	December 31, 2019		December 31, 2018	
Stock option expense	\$	615	\$	543
Deferred share unit expense		705		718
Restricted share unit expense		695		641
<b>Total share-based compensation</b>	\$	<b>2,015</b>	\$	<b>1,902</b>

A summary of the status of the Corporation's stock option plan as of December 31, 2019, and changes during the period then ended, is as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	December 31, 2019		December 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	577,957	\$ 12.20	480,323	\$ 11.85
Granted	161,401	\$ 12.91	97,634	\$ 13.91
Outstanding, end of year	739,358	\$ 12.35	577,957	\$ 12.20
Exercisable, end of year	446,317	\$ 12.38	298,447	\$ 12.40

The weighted average remaining contractual life is 2.41 years. The weighted average fair value of stock options granted during the year ended December 31, 2019 was estimated on the dates of grant to be \$3.94 (2018 - \$4.45) using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2019	December 31, 2018
Expected life (years)	5.00	5.00
Risk-free interest rate (%)	1.79	1.97
Expected Volatility (%)	37.01	37.89
Expected dividend yield (%)	1.24	1.22

A summary of the status of the Corporation's RSUs and DSUs as of December 31, 2019 is as follows:

IN THOUSANDS OF CANADIAN DOLLARS

	Number of RSUs	Number of DSUs
Outstanding, December 31, 2017	90,423	207,922
Granted	33,188	54,897
Settled	(44,880)	(33,935)
<b>Outstanding, December 31, 2018</b>	<b>78,731</b>	<b>228,884</b>
Granted	53,209	65,269
Settled	(40,729)	(10,070)
Expired	-	(1,875)
<b>Outstanding, December 31, 2019</b>	<b>91,211</b>	<b>282,208</b>

During the year ended December 31, 2019 the Corporation cash settled 40,729 RSUs (December 31, 2018 - 44,880) for \$518,000 (December 31, 2018 - \$593,000).



## 17. SUPPLEMENTAL CASH FLOW INFORMATION

IN THOUSANDS OF CANADIAN DOLLARS

	Year ended	
	December 31, 2019	December 31, 2018
<b>Adjustments for operating activities:</b>		
Generative exploration	\$ 119	\$ 177
Exploration and evaluation assets abandoned or impaired	9,039	784
Share-based compensation	2,015	1,902
Cash settled restricted share units	(518)	(593)
Foreign exchange loss	450	-
Impairment on goodwill and royalty interest	-	10,810
Amortization and depletion	15,629	14,589
Interest on long-term debt	8,127	7,974
Interest paid	(7,265)	(6,548)
Gain on disposal of investments	(103)	(92)
Unrealized (gain) loss on fair value adjustment of derivatives	(616)	4,440
Earnings from joint ventures	(6,403)	(10,389)
Gain on disposition of royalty interest	(4,250)	-
Share of loss in associates	3,757	1,556
Dilution gain on issuance of shares by an associate	(2,313)	(2,282)
Income taxes	2,081	4,078
Income taxes paid	(9,144)	(10,447)
	\$ 10,605	\$ 15,959
<b>Changes in non-cash operating working capital:</b>		
Accounts receivable and prepaid expenses	(693)	(1,230)
Accounts payable and accrued liabilities	(855)	(1,292)
	\$ (1,548)	\$ (2,522)
<b>Cash and cash equivalents consist of:</b>		
Deposits with banks	22,078	28,392
Short-term investments	50	-
	\$ 22,128	\$ 28,392

## 18. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019 the Corporation billed a joint venture \$201,000 (December 31, 2018 - \$114,000) and was billed \$24,700 by an associate (December 31, 2018 - billed to an associate \$25,700) for general administrative expenses.

Digbee Ltd., which is owned by director Jamie Strauss, was paid \$4,000 (December 31, 2018 - \$nil) for consulting services during the year ended December 31, 2019.

During the year ended December 31, 2019 the Corporation paid compensation to key management personnel and directors of \$3,095,000 (December 31, 2018 - \$2,766,000) related to salaries and benefits and incurred \$2,015,000 (December 31, 2018 - \$1,902,000) in share-based compensation costs. During the year ended December 31, 2019, Restricted Share Units ("RSUs") were cash settled for \$513,000 (December 31, 2018 - \$593,000).

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.

## 19. 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

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

Year ended December 31, 2018	Adia	ARR	PRLP
Equity funds	-	-	-
Distributions	-	-	816

<sup>1</sup> Net of a flow through liability of \$665,000

## 20. 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 December 31, 2019	Level 1	Level 2	Level 3	TOTAL
Mining and other 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
Lease liability	911	-	-	911
<b>FINANCIAL LIABILITIES</b>	<b>\$ 911</b>	<b>\$ 528</b>	<b>\$ -</b>	<b>\$ 1,439</b>

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

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; inputs that are derived principally from or corroborated by observable market data by correlation or other means; and estimates of expected volatility, expected life and expected risk-free rate of return, and;

Level 3 – valuation techniques with significant unobservable market inputs. Amounts allocated to level 3 consist of acquisitions during the year.

### *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 highlighted as follows:

#### *Credit risk*

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments and receivables. The Corporation closely monitors its financial assets, including the receivables from royalty operators who are responsible for remitting royalty income. The operators are established and reputable companies in the mining and mineral sector and as such management does not believe we have a significant concentration of credit risk.

The Corporation's cash and cash equivalents are held in fully segregated accounts and include only Canadian and US dollar instruments. The Corporation does not expect any liquidity issues or credit losses on these instruments.

#### *Foreign currency risk*

Certain royalty and streaming revenues are exposed to foreign currency fluctuations, which are denominated and paid in US dollars. The Corporation does not enter into any derivative contracts to reduce this exposure since the receivable is short-term in nature and the expected receivable amount cannot be predicted reliably. As at December 31, 2019 a 10% change in the US dollar to Canadian dollar exchange rate could affect net earnings by approximately \$162,000 in relation to the year end receivable.

The Corporation has a portion of its debt and cash denominated in US dollars. The Corporation does not enter into any derivative contracts to reduce this exposure and has the ability to offset debt with certain US dollar revenues. As at December 31, 2019 a 10% change in the US dollar to Canadian dollar exchange rate could affect net earnings by approximately \$1,002,000 in relation to the year end foreign currency debt and inversely by \$1,055,000 in relation to foreign currency cash.

#### *Liquidity risk*

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

#### *Other price risk*

The value of the Corporation's mining and mineral related investments is exposed to fluctuations in the quoted market price depending on a number of factors, including general market conditions, company-specific operating performance and the market value of the commodities that the companies may focus on. The Corporation does not utilize any derivative contracts to reduce this exposure. Royalty interests are exposed to fluctuations in commodity prices as well as fluctuations in foreign currency, specifically the US dollar. The Corporation may be unable to sell its entire interest in an investment without having an adverse effect on the fair value of the security due to low trading volumes on some investments. The Corporation does not enter into any derivative contracts to reduce this exposure.

The Corporation has mining and other investments that are marked to fair market value at each reporting period, with a corresponding adjustment to other comprehensive earnings for increases in value and for other temporary declines in value. As at December 31, 2019 the Corporation's mining and other investments sensitivity to a +/- 20% movement in quoted market prices would affect comprehensive earnings by \$25,337,000 net of applicable taxes.

#### *Interest rate risk*

The Corporation has debt and is therefore exposed to interest rate risk on liabilities. The Corporation manages this risk by monitoring debt balances, entering into hedging transactions and making discretionary payments. The Corporation entered into a floating to fixed interest rate swap to manage the interest rate risk of its debt balance. The Corporation's cash and cash equivalents may fluctuate in value depending on the market interest rates and the time to maturity of the instruments. The Corporation manages this risk by limiting the maximum term to maturity on invested funds or holding the investments to maturity.

As at December 31, 2019, a +/- 1% change in the effective interest rates in respect of cash and cash equivalents would affect net earnings by \$155,000 net of applicable taxes. As at December 31, 2019, a +/- 1% change in the effective interest rates in respect of the unhedged portion of the debt (\$25,000,000) would affect net earnings by \$175,000 net of applicable taxes.

## 21. CAPITAL MANAGEMENT

The Corporation's primary objective when managing capital is to maximize returns for its shareholders by growing its asset base, both organically through strategic investments in exploration and evaluation and through accretive acquisitions of high quality royalties, streams and other similar interests, while ensuring capital protection. The Corporation defines capital as long-term debt, total equity and the undrawn revolving credit facility. Capital is managed by the Corporation's management and governed by the Board of Directors. The Corporation manages its capital by paying dividends and distributions to share and security holders, reinvesting in the business for growth and capital appreciation, repurchasing its common shares under its normal course issuer bid and amending its credit facilities to provide additional access to capital.

The Corporation is subject to external capital requirements on long-term debt and preferred securities and is in compliance with all covenant requirements as at December 31, 2019 and this continues to be assessed on a quarterly basis.

## 22. COMMITMENTS

### *Office lease*

The Corporation is committed under leases on office space including operating costs for future minimum lease payments of \$168,000 per annum until the lease expires in August 2026 (note 2).

### *Mineral property expenditures*

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, in order to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or elect to allow title of the license be cancelled. The Corporation is required to spend \$591,000 by December 31, 2020 in order to maintain its existing licenses in good standing.

### *Other commitments*

The Corporation has committed to pay, on the anniversary date of November 1, a limited royalty to McChip Resources Inc. of \$500,000 per year for eight years remaining based on a minimum production and grade threshold on the Rocanville mine. During the year ended December 31, 2019, the threshold was achieved, and the Corporation paid \$500,000 (December 31, 2018 - \$500,000) on the anniversary date.

The Corporation has committed to investing, in tranches, a total of US\$16,000,000 over the next two years as TGE achieves certain advancement milestones (Note 11).

## 23. 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>Year Ended December 31, 2019</b>					
<b>Revenue and other income</b>	\$ 78,105	\$ 99	\$ 78,204	\$ (16,979)	\$ 61,225
<b>Costs and Expenses</b>					
General and administrative	6,503	3,445	9,948	(354)	9,594
Cost of sales - copper stream	5,135	-	5,135	-	5,135
Generative exploration	-	119	119	-	119
Mineral rights and leases	-	434	434	-	434
Adjusted EBITDA	\$ 66,467	\$ (3,899)	\$ 62,568	\$ (16,625)	\$ 45,943
Share-based compensation	\$ (1,511)	\$ (504)	\$ (2,015)	-	\$ (2,015)
Amortization and depletion	(21,734)	(27)	(21,761)	6,132	(15,629)
Earnings from joint ventures	-	-	-	6,403	6,403
Gain on disposition of royalty interest	4,250	-	4,250	-	4,250
Impairment on royalty interest	(4,090)	-	(4,090)	4,090	-
Gain on disposal of investments	-	103	103	-	103
Foreign exchange loss	(642)	-	(642)	-	(642)
Unrealized gain on fair value adjustment of derivative	-	616	616	-	616
Exploration and evaluation assets abandoned or impaired	-	(9,039)	(9,039)	-	(9,039)
Dilution gain on issuance of shares by associate	-	2,313	2,313	-	2,313
Share of loss in associates	-	(3,757)	(3,757)	-	(3,757)
Interest on long-term debt	(8,127)	-	(8,127)	-	(8,127)
Earnings (loss) before income taxes	\$ 34,613	\$ (14,194)	\$ 20,419	-	\$ 20,419
Income taxes (current and deferred)					2,081
<b>Net earnings</b>					\$ 18,338
<b>Supplementary information</b>					
Total assets	\$ 512,437	\$ 54,437	\$ 566,874	-	\$ 566,874
<b>Cash flow from (used)</b>					
Operating activities	47,857	(3,780)	44,077	(16,682)	27,395
Financing activities	(28,188)	2,897	(25,291)	-	(25,291)
Investing activities	(36,360)	11,310	(25,050)	16,682	(8,368)
Total cash flow from (used)	\$ (16,691)	\$ 10,427	\$ (6,264)	-	\$ (6,264)

Reportable Segments	Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
<b>Year Ended December 31, 2018</b>					
<b>Revenue and other income</b>	\$ 67,047	\$ 1,353	\$ 68,400	\$ (19,165)	\$ 49,235
<b>Costs and Expenses</b>					
General and administrative	6,569	3,119	9,688	(1,136)	8,552
Cost of sales - copper stream	4,971	-	4,971	-	4,971
Generative exploration	-	177	177	-	177
Mineral rights and leases	157	417	574	-	574
Adjusted EBITDA	\$ 55,350	\$ (2,360)	\$ 52,990	\$ (18,029)	\$ 34,961
Share-based compensation	\$ (1,215)	\$ (687)	\$ (1,902)	\$ -	\$ (1,902)
Amortization and depletion	(18,679)	(17)	(18,696)	4,107	(14,589)
Impairment on goodwill and royalty interest	(14,343)	-	(14,343)	3,533	(10,810)
Earnings from joint ventures	-	-	-	10,389	10,389
Gain on disposal of investments	-	92	92	-	92
Foreign exchange gain	347	-	347	-	347
Unrealized loss on fair value adjustment of derivative	-	(4,440)	(4,440)	-	(4,440)
Exploration and evaluation assets abandoned or impaired	-	(784)	(784)	-	(784)
Dilution gain on issuance of shares by associate	-	2,282	2,282	-	2,282
Share of loss in associates	-	(1,556)	(1,556)	-	(1,556)
Interest on long-term debt	(7,974)	-	(7,974)	-	(7,974)
Earnings (loss) before income taxes	\$ 13,486	\$ (7,470)	\$ 6,016	\$ -	\$ 6,016
Income taxes (current and deferred)					4,078
<b>Net earnings</b>					\$ 1,938
<b>Supplementary information</b>					
Total assets	\$ 507,611	\$ 51,370	\$ 558,981	\$ -	\$ 558,981
Cash flow from (used)					
Operating activities	37,061	(2,340)	34,721	(19,346)	15,375
Financing activities	29,043	0	29,043	-	29,043
Investing activities	(89,758)	(7,596)	(97,354)	19,346	(78,008)
Total cash flow from (used)	\$ (23,654)	\$ (9,936)	\$ (33,590)	\$ -	\$ (33,590)

## 24. SUBSEQUENT EVENTS

On March 10, 2020 ARR entered into a US\$35 million royalty investment agreement with Apex Clean Energy (“Apex”) to obtain future royalties related to a broad portfolio of wind and solar energy development projects located across North America. Altius intends to fund the investment using its revolving credit facility.