



November 11, 2020 | St. John's, Newfoundland

## Altius Reports Q3 2020 Attributable Royalty Revenue of \$16.2M and Adjusted Operating Cash Flow of \$7.3M

**Altius Minerals Corporation (ALS:TSX) (ATUSF: OTCQX)** (“Altius” or the “Corporation”) reports attributable royalty revenue<sup>(1)</sup> of \$16.2 million or \$0.39 per share<sup>(1)</sup> for the third quarter ended September 30, 2020 compared to \$19.2 million or \$0.45 per share in the comparable quarter last year and \$13.0 million or \$0.31 per share in Q2 2020.

Adjusted EBITDA of \$12.4 million or \$0.30 per share compares to \$15.2 million or \$0.36 per share in Q3 2019 and to \$10.0 million or \$0.24 per share in Q2 2020. Adjusted operating cash flow<sup>(1)</sup> of \$7.3 million or \$0.18 per share is lower than both its year over year comparable period of \$14.4 million or \$0.36 per share and last quarter's \$13.4 million or \$0.32 per share due to timing of royalty receipts and corporate income tax payments. On a year-to-date basis, adjusted operating cash flow of \$33.9 million is lower than its comparable period last year of \$34.6 million trending with lower revenue as well as timing of corporate tax instalments paid. The Adjusted EBITDA margin in the third quarter was 77%.

Adjusted net earnings of \$3.6 million or \$0.09 per share compares to \$4.3 million or \$0.10 per share in Q3 2019 (see table) and to \$1.4 million or \$0.04 per share in Q2 2020. The adjusted earnings per share follows the trend of lower revenue and excludes non-cash impairment charges of \$45.6 million or \$1.10 per share versus no comparable amounts in prior year period or Q2 2020. Also impacting adjusted earnings were dilution gains of \$2.6 million or \$0.05 per share, loss on fair value adjustments of \$0.9 million or \$0.02 per share offsetting foreign exchange gains of \$0.9 million or \$0.02 per share. The impairment charges of \$45.6 million in the quarter are further explained under “Thermal Coal”.

### Portfolio Performance

#### **Base metals (copper, nickel, zinc and cobalt)** (53% of total revenue in Q3 2020)

Base metal revenue contributed \$8.7 million in the third quarter compared to \$8.0 million in the year ago comparable quarter and \$4.8 million in the second quarter, reflecting improvements in copper and nickel pricing and the recommencement of operations at Voisey's Bay. Chapada and 777 provided \$4.1 million and \$4.2 million respectively while Voisey's Bay contributed approximately \$0.4 million, as the mine resumed operations in July after being placed on care and maintenance. The operator of Chapada, Lundin Mining Corporation (“Lundin”), reported late in Q3 2020 that a main electrical substation failure had caused damage to four ball and SAG mill motors and that there would be an interruption in processing at the Chapada mine. On October 28, 2020 Lundin reported that two spare motors had since been installed and the operation was currently operating at approximately 30% of its throughput capacity. A return to full production is expected late in the fourth quarter of 2020. Due to timing of stream receipts, Altius expects the main royalty revenue impact to be in Q1 2021 rather than Q4 this year. The operator of 777, Hudbay Minerals Inc. (“Hudbay”) announced in October 2020 that production from 777 had been temporarily interrupted after a hoist rope detached from the skip within the production shaft. Hudbay has subsequently reported relatively minor damage that is expected to be repaired during the fourth quarter this year with full production expected to resume in December. We expect the production interruption to impact royalty revenue mainly in the fourth quarter this year.



**Potash** (19% of total revenue in Q3 2020)

Potash royalty revenue of \$3.2 million in the third quarter this year compared to \$3.7 million in the comparable quarter last year and \$4.0 million in the second quarter of 2020. Volumes remained stable during the quarter while prices remained weak. Operators Nutrien and The Mosaic Company have since commented that prices have begun to rebound on a combination of favorable agricultural crop prices and supply and demand tightening in several major geographies.

**Thermal coal** (16% of total revenue in Q3 2020)

Thermal coal revenue contributed \$2.7 million in the quarter compared to \$2.6 million a year ago and to \$2.2 million in Q2 2020. Sharp declines in demand in the third quarter due to COVID-19 related shutdowns and reduced oil and gas production activity combined with typical seasonal weakness resulted in lower operating utilization rates and coal royalties during the third quarter. Electricity demand continues to track at lower than normal levels but has now partially rebounded from the third quarter lows. The acquisition of the minority interest from Liberty Metals & Mining Holdings LLC for net cash consideration of \$9.0 million, announced on July 27, 2020, resulted in one month of the quarterly revenue (July) being recognized on a 52.4% basis, while August and September were recognized on a 100% basis. The resulting new weighted average purchase price, combined with a conservative view on the prospect for continuing decreased power demand in Alberta, has prompted the Corporation to reduce the combined carrying value of its coal based electrical generation royalties by \$45 million. More detail on forecast impacts, particularly from main contributors Sheerness and Genesee, is provided in Note 7 to the Condensed Consolidated Financial Statements.

**Iron ore** (8% of total revenue in Q3 2020)

Iron ore revenue related to dividends received from Labrador Iron Ore Royalty Corp. ("LIORC") was \$1.3 million in the quarter compared to \$3.8 million a year ago and \$1.3 million in Q2 2020. Iron Ore Company of Canada has not yet paid a dividend to its shareholders year to date, despite strong market conditions for most of the year, which has in turn translated into a significantly lower pass through of dividends paid by LIORC this year. Altius continues to hold 2.9 million shares of LIORC.

**Metallurgical coal** (2% of total revenue in Q3 2020)

Metallurgical coal provided \$0.3 million, which compares to \$0.7 million in the comparable quarter last year and \$0.5 million in Q2 2020. Royalty revenue from Cardinal River will decrease as inventory stockpiles are depleted, consistent with disclosure from Teck Resources Limited that the mine is currently in decommissioning after a 51 year operating life. None of the closure or remediation costs will be borne by Altius as a royalty holder.



The following tables summarize the financial results for the quarter ended September 30, 2020 and comparable quarters ended June 30, 2020 and September 30, 2019:

IN THOUSANDS OF CANADIAN DOLLARS (except per share amounts)	Three months ended		
	September 30, 2020	June, 2020	September 30, 2019
<b>Revenue</b>			
Attributable royalty	\$ 16,229	\$ 13,035	\$ 19,231
Project generation	-	-	25
Attributable revenue <sup>(1)</sup>	16,229	13,035	19,256
Adjust: joint venture revenue	(966)	(2,765)	(3,674)
IFRS revenue per consolidated financial statements	\$ 15,263	\$ 10,270	\$ 15,582
Total assets	\$ 556,128	\$ 598,873	\$ 572,679
Total liabilities	\$ 203,893	\$ 209,832	\$ 172,865
Cash dividends declared & paid to shareholders	\$ 1,928	\$ 1,945	\$ 2,137
Adjusted EBITDA <sup>(1)</sup>	\$ 12,426	\$ 10,048	\$ 15,241
Adjusted operating cash flow <sup>(1)</sup>	\$ 7,330	\$ 13,378	\$ 14,368
Net earnings (loss)	\$ (39,787)	\$ 4,105	\$ 4,614
Attributable revenue per share <sup>(1)</sup>	\$ 0.39	\$ 0.31	\$ 0.45
Adjusted EBITDA per share <sup>(1)</sup>	\$ 0.30	\$ 0.24	\$ 0.36
Adjusted operating cash flow per share <sup>(1)</sup>	\$ 0.18	\$ 0.32	\$ 0.34
Net earnings (loss) per share, basic and diluted	\$ (0.96)	\$ 0.10	\$ 0.10

Summary of attributable royalty revenue IN THOUSANDS OF CANADIAN DOLLARS	Three months ended		
	September 30, 2020	June 30, 2020	September 30, 2019
<b>Revenue <sup>(1)</sup></b>			
<b>Base metals</b>			
777 Mine	\$ 4,175	\$ 2,224	\$ 2,082
Chapada	4,068	2,518	5,542
Voisey's Bay	434	93	369
<b>Potash</b>			
Cory	285	271	173
Rocanville	1,869	2,318	2,597
Allan	121	188	128
Patience Lake	59	100	30
Esterhazy	782	1,127	743
Vanscoy	34	-	57
Lanigan	8	8	2
<b>Thermal (Electrical) Coal</b>			
Genesee	1,800	1,494	1,007
Paintearth	-	-	178
Sheerness	700	565	1,271
Highvale	168	147	155
<b>Iron ore <sup>(3)</sup></b>	1,293	1,293	3,782
<b>Metallurgical Coal</b>			
Cheviot	291	466	694
<b>Other</b>			
Renewables	58	112	142
Coal bed methane	79	72	54
Interest and investment	4	39	225
<b>Attributable royalty revenue</b>	<b>\$ 16,228</b>	<b>\$ 13,035</b>	<b>\$ 19,231</b>



## Notes

1. Attributable revenue, adjusted EBITDA and adjusted operating cash flow (and respective per share amounts) are intended to provide additional information only and do not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these measures differently. The attributable revenue, adjusted EBITDA and adjusted operating cash flow per share metrics divide the respective values by the basic weighted average number of shares outstanding during the period. For a reconciliation of these measures to various IFRS measures, please see the Corporation's MD&A which is available at <http://altiusminerals.com/financial-statements>.
2. Adjusted earnings and respective per share amounts are intended to provide additional information only and do not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these measures differently. The calculations used for the adjusted earnings per share are as follows:

Adjusted Earnings per Share	Three months ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Reported earnings (loss) per share	\$ (0.96)	\$ 0.10	\$ 0.10
Adjusted for:			
Equity accounted for losses/impairments	(0.05)	0.01	-
Impairment charges	1.10	-	-
(Gain) loss on adjustment of derivatives	0.02	(0.04)	-
(Gain) loss on foreign exchange	(0.02)	(0.03)	-
<b>Adjusted earnings per share</b>	<b>\$ 0.09</b>	<b>\$ 0.04</b>	<b>\$ 0.10</b>

3. LIORC dividend received.

Additional information on the Corporation's results of operations and developments in its project generation division are included in the Corporation's MD&A and Financial Statements which were filed on SEDAR today and are also available on the Corporation's website at [www.altiusminerals.com](http://www.altiusminerals.com).

## Liquidity and Dividend Declaration

Cash at September 30, 2020 was \$16 million, with debt of \$141 million after repayment of \$5 million principal on the term debt facility. The value of the LIORC equity position and junior project generation portfolio was \$73.8 million and \$45.5 million respectively at quarter end. During the quarter ended September 30, 2020, the Corporation repurchased and cancelled 26,900 shares under its normal course issuer bid. For the nine month period ended September 30, 2020, the number of shares repurchased and cancelled was 644,400 for a total cost of \$6,090,000.

The Corporation advises that its board of directors has declared a cash dividend of five cents per common share payable to all shareholders of record at the close of business on November 30, 2020. The dividend is expected to be paid on or about December 15, 2020. This dividend is eligible for payment in common shares under the Dividend Reinvestment Plan (DRIP) announced by press release May 20, 2020, and available to shareholders who are Canadian residents or residents of countries outside the United States. In order to be eligible to participate in respect of the December 15, 2020 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by November 23, five business days prior to record date. Stock market purchases made under the DRIP for the December 15, 2020 payment will be satisfied by issuance from treasury at a 5% discount to the 5 day volume weighted average price ending at the close of trading the day before payment date. Shareholders who have already provided instruction to be enrolled earlier this year will continue to be enrolled unless they direct otherwise. For more information, please see <http://www.altiusminerals.com/dividend-reinvestment-plan>. Participation in the DRIP is optional and will not impact any cash dividends payable to shareholders who do not elect to participate in the DRIP. The declaration, timing and payment of future dividends will largely depend on the Corporation's financial results



as well as other factors. Dividends paid by Altius on its common shares are eligible dividends for Canadian income tax purposes unless otherwise stated.

### **Third Quarter 2020 Financial Results Conference Call and Webcast Details**

Additional details relating to individual royalty performances and asset level developments will be discussed in a conference call to be held tomorrow, November 12, 2020. The call will be webcast and archived on the Corporation's website for a limited time. Details for the conference call are as follows:

**Date:** November 12, 2020

**Time:** 9:00 AM EST

**Toll Free Dial-In Number:** +1 (866) 521-4909

**International Dial-In Number:** +1 (647) 427-2311

**Conference Call Title and ID:** Altius Third Quarter 2020 Financial Results; 9558089

**Webcast Link:** [Altius Q3 2020 Financial Results](#)

### **About Altius**

Altius's strategy is to create per share growth through a diversified portfolio of royalty assets that relate to long life, high margin operations. This strategy further provides shareholders with exposures that are well aligned with sustainability-related global growth trends including the electricity generation transition from fossil fuel to renewables, transportation electrification, reduced emissions from steelmaking and increasing agricultural yield requirements. These each hold the potential to cause increased demand for many of Altius's commodity exposures including copper, renewable based electricity, several key battery metals (lithium, nickel and cobalt), clean iron ore, and potash. Altius has 41,464,462 common shares issued and outstanding that are listed on Canada's Toronto Stock Exchange. It is a member of both the S&P/TSX Small Cap and S&P/TSX Global Mining Indices.

### **Forward-Looking Information**

This news release contains forward-looking information. The statements are based on reasonable assumptions and expectations of management and Altius provides no assurance that actual events will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Although Altius believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those projected. Readers should not place undue reliance on forward-looking information. Altius does not undertake to update any forward-looking information contained herein except in accordance with securities regulation.

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