



August 9, 2021 | St. John's, Newfoundland

Altius Reports Q2 2021 Attributable Royalty Revenue of \$21.9M and Announces Dividend Increase

Altius Minerals Corporation (TSX: ALS; OTCQX: ATUSF) (“Altius” or the “Corporation”) reports attributable royalty revenue⁽¹⁾ of \$21.9 million (\$0.53 per share⁽¹⁾) for the quarter ended June 30, 2021. This represents an increase of 23% from Q1 2021 royalty revenue of \$17.8 million (\$0.43 per share) and 68% from its year over year comparable quarter, when \$13.0 million was reported.

Adjusted EBITDA⁽¹⁾ for the quarter was \$17.7 million or \$0.43 per share, up 21% from Adjusted EBITDA of \$14.6 million (\$0.35 per share) in Q1 2021, and up 76% from the Q2 2020 comparable quarter, when \$10 million (\$0.24 per share) was reported. The adjusted EBITDA margin for the second quarter was 81%.

Adjusted operating cash flow of \$5.8 million (\$0.14 per share) compares to \$8.8 million (\$0.21 per share) in Q1 2020 and \$13.4 million (\$0.32 per share) in Q2 2020. The main factor in the lower adjusted operating cash flow during Q2 2021 is due to the timing of corporate tax installments as well as working capital changes.

Net earnings in Q2 2021 are \$14.6 million, and on an adjusted basis are \$10.5 million or \$0.25 per share, compared to adjusted earnings of \$6.1 million or \$0.14 per share in Q1 2021 and to adjusted earnings of \$1.4 million or \$0.04 per share in Q2 2021. The main adjusting item in the current quarter is a \$0.16 gain on the derecognition of Adventus Mining Corporation (“Adventus”) as an associate and its reclassification to mining and other Investments. Adventus had been equity accounted up until Q2 this year, when Altius elected to forego its board nomination rights. Additional gains of \$0.04 per share include foreign exchange gains and gains on disposal of mineral properties that were offset by non-cash impairment charges of (\$0.05) per share related to the Corporation’s Manitoba diamond exploration properties and a charge of (\$0.02) per share related to the fair value adjustment of a derivative. The full table reconciling adjusted net earnings per share to net earnings per share is included below.

Portfolio Performance

Base metals (copper, nickel, zinc and cobalt) revenue of \$9.4 million accounted for 43% of total attributable royalty revenue (43% Q1 2021). Performance in the quarter was positively impacted by stronger metal prices but was partially offset by the mining of lower grade areas at both 777 and Chapada. Lundin Mining has tightened guidance for current year production at Chapada to 48,000 - 50,000 tonnes. Lundin Mining continued to aggressively drill near mine targets at Chapada in support of ongoing project expansion studies. During the quarter, Vale commenced production from its new underground Reid Brook mine while continuing work to commission the Eastern Deeps deposit at Voisey’s Bay. A nominal payment was received from Gunnison related to sales of copper recovered during start-up operations. Work continued in support of a resource update and feasibility study for the El Domo deposit with results expected later this year.



Potash royalty revenue of \$4.5 million accounted for 21% of total attributable royalty revenue (23% in Q1 2021). Potash revenue on a year-to-date basis has increased 2% from 2020 which included a one-time addition of \$690,000 related to a reconciliation of prior period payments. Steady global potash price improvements over the past year continued while overall portfolio based production was in-line with recent prior periods. Average realized prices for royalty calculation purposes continued to reflect timing of sales recognition lags with realized prices in the second quarter generally aligned with the first quarter's market prices. Market prices based on US Midwest and Brazil delivery increased by 50-60% during Q2 and these are expected to result in higher realized prices to Altius in the coming quarters. During the quarter, Mosaic closed its Esterhazy K1 and K2 mining shafts while it continues to ramp up production from the new K3 mining shaft which is expected to reach full capacity early in 2022. Nutrien announced two 500,000 tonne increases to its annual potash production guidance during the quarter in response to increased demand.

Iron ore royalty revenue of \$5.0 million accounted for 23% of total royalty revenue (16% in Q1 2021). The Corporation's current iron ore revenue stems from the pass-through of royalties and equity dividends paid by the Rio Tinto controlled Iron Ore Company of Canada ("IOC") to Labrador Iron Ore Royalty Corp ("LIORC"), of which the Corporation is a significant shareholder. LIORC operates as a passive flow-through vehicle for proceeds from a 7% gross overriding royalty and a 15.1% equity position held by LIORC on the IOC operations in Labrador, Canada. The significant increase reflected strong royalty revenue and a significant equity dividend paid by IOC as it continued to benefit from strong demand and pricing for its high-purity iron ore products.

During the prior quarter IOC declared force majeure on certain customer shipments due to a fire at its port facilities that resulted in reduced ship-loading rates. Force majeure has since been lifted and IOC has re-iterated full year production and sales guidance as it expects to be able to offset current shortfalls with increased loading rates in the remainder of the year.

Thermal coal royalty revenue of \$2.1 million accounted for just under 10% of total royalty revenue (16% in Q1 2021). The decline in revenue from Q1 2021 and from Q2 2020 is largely due to slightly lower seasonal electricity demand at the integrated Genesee mine and power plant and only nominal revenue from the other coal operations.

Renewables based revenue was \$55,000 relating to the legacy hydro royalty in ARR's jointly controlled subsidiary Great Bay Renewables LLC ("GBR"). During the second quarter ended June 30, 2021 GBR announced the sale of five additional renewable energy projects by investee company Tri Global Energy ("TGE"). These included the 180 MW Hoosier Line Wind project (3% royalty), the 400 MW Honey Creek Solar project (1.5% royalty), the 200 MW Blackford Wind project (3% royalty) and the 150 MW Blackford Solar (1.5% royalty) to Leeward Renewable Energy, a portfolio company of Canadian pension fund subsidiary OMERS Infrastructure. In addition, ARR announced the sale of its 175 MW Appaloosa Run Wind project (1.5% royalty) in West Texas to an established buyer.

Subsequent to quarter end on August 3, 2021, ARR announced the closing of a US\$35 million royalty investment with Longroad Energy ("Longroad") related to its 331 MWdc (250 MWac) Prospero 2 solar project in Texas. This represents the first operating royalty investment that ARR has made. Annual revenue from Prospero 2 is expected to be approximately US\$850,000 per year starting on January 1, 2022 and continuing through 2026 before then stepping up to approximately US\$4,700,000 per year for the following five years. On average, annual revenue is expected to be approximately US\$4.0-4.5 million over an initial expected 30-year project life.



Longroad is a top-tier-developer, owner and operator of renewable energy projects, having developed over 60 renewable energy projects totaling over 6 GWs across North America.

ARR, through GBR, has now established royalties on 10 projects under its financing agreements that collectively represent approximately 2495 MW of solar and wind power while continuing to advance due diligence investigations and negotiations with several other renewable energy operators and developers relating to additional potential royalty financing transactions.

The following tables summarize the financial results and attributable revenue for the three and six months ended June 30, 2021 and 2020:

In Thousands of Canadian Dollars, except per share amounts	Three months ended			Six months ended		
	June 30, 2021	June 30, 2020	Variance	June 30, 2021	June 30, 2020	Variance
Revenue						
Attributable royalty	\$ 21,906	\$ 13,035	\$ 8,871	\$ 39,666	\$ 29,314	\$ 10,352
Project generation	-	-	-	408	-	408
Attributable revenue ⁽¹⁾	21,906	13,035	8,871	40,074	29,314	10,760
Adjust: joint venture revenue	(708)	(2,765)	2,057	(1,374)	(5,995)	4,621
IFRS revenue per consolidated financial statements	21,198	10,270	10,928	38,700	23,319	15,381
Total assets	\$ 746,151	\$ 598,873	\$ 147,278	\$ 746,151	\$ 598,873	\$ 147,278
Total liabilities	200,328	208,932	(8,604)	200,328	208,932	(8,604)
Dividends declared & paid to shareholders	2,073	1,945	128	4,147	4,035	112
Adjusted EBITDA (1)	17,712	10,048	7,664	32,302	22,771	9,531
Adjusted operating cash flow (1)	5,830	13,378	(7,548)	14,640	26,606	(11,966)
Net earnings (loss)	14,549	4,105	10,444	26,353	938	25,415
Attributable revenue per share (1)	\$ 0.53	\$ 0.31	\$ 0.22	\$ 0.96	\$ 0.70	\$ 0.26
Adjusted EBITDA per share (1)	0.43	0.24	0.19	0.78	0.54	0.24
Adjusted operating cash flow per share (1)	0.14	0.32	(0.18)	0.35	0.64	(0.29)
Net earnings (loss) per share, basic and diluted	0.38	0.10	0.28	0.66	0.02	0.64

⁽¹⁾ See non-IFRS measures section for definition and reconciliation

In Thousands of Canadian Dollars						
Summary of attributable royalty revenue	Three months ended			Six months ended		
	June 30, 2021	June 30, 2020	Variance	June 30, 2021	June 30, 2020	Variance
Revenue						
Base metals						
777 Mine	\$ 4,635	\$ 2,224	\$ 2,411	\$ 8,170	\$ 4,523	\$ 3,647
Chapada	4,095	2,518	1,577	7,556	6,651	905
Voisey's Bay	653	93	560	1,284	220	1,064
Gunnison	11	-	11	11	-	11
Metallurgical Coal						
Cheviot	-	466	(466)	58	1,056	(998)
Thermal (Electrical) Coal						
Genesee	2,153	1,494	659	4,600	2,820	1,780
Paintearth	20	-	20	20	75	(55)
Sheerness	(33)	565	(598)	446	1,595	(1,149)
Highvale	-	147	(147)	-	229	(229)
Potash						
Cory	367	271	96	679	494	185
Rocanville	2,398	2,318	80	4,760	5,294	(534)
Allan	416	188	228	639	384	255
Patience Lake	150	100	50	306	239	67
Esterhazy	1,143	1,127	16	2,110	1,988	122
Vanscoy	35	-	35	84	9	75
Lanigan	7	8	(1)	11	10	1
Iron ore ⁽¹⁾	5,029	1,293	3,736	7,903	2,299	5,604
Other						
Renewables	55	112	(57)	90	1,019	(929)
Coal bed methane	110	72	38	263	206	57
Interest and investment	662	39	623	677	203	474
Attributable royalty revenue	\$ 21,906	\$ 13,035	\$ 8,871	\$ 39,666	\$ 29,314	\$ 10,353

See non-IFRS measures section of this MD&A for definition and reconciliation of attributable revenue

⁽¹⁾ LIORC dividends received

Notes

- 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://www.altiusminerals.com>.
- 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:

In Thousands of Canadian Dollars, except per share amounts			
Adjusted Earnings per Share	Three months ended		
	June 30, 2021	June 30, 2020	
Reported earnings (loss) per share	\$ 0.38	\$ 0.10	
Adjusted for:			
Equity investments and joint ventures	(0.16)	0.01	
Derivatives and foreign exchange	0.01	(0.07)	
Impairment charges	0.05	-	
Gain on disposal of mineral properties	(0.03)	-	
Adjusted earnings per share	\$ 0.25	\$ 0.04	

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.

Capital Allocation Summary

The Corporation's capital allocation priorities are linked to its strategy of creating per share value growth through a portfolio of assets that relate to long life, high margin operations while providing growing shareholder capital returns.

During the quarter, the Corporation made scheduled debt repayments of \$5 million and paid cash dividends of \$1.9 million and preferred distributions of \$1.2 million.

Liquidity and Dividend Declaration

Cash and cash equivalents at June 30, 2021 was \$115.9 million, compared to \$21.8 million at the end of 2020. \$96.7 million of the cash balance is held by ARR, which raised proceeds through a successful IPO in March 2021, followed by a partial over-allotment exercise in Q2 2021. These funds are designated to support the renewable energy royalty growth platform. Cash excluding the ARR funds was \$19 million at June 30, 2021 and the value of publicly traded Project Generation business equity holdings was \$64.5 million.

Debt Facilities Refinanced

Subsequent to quarter end the Corporation received commitment from lenders to amend its credit facility to increase the available credit to from \$160 million to \$225 million and to extend the term from June 2023 to August 2025. In addition, the required principal payments will be reduced from \$5 million to \$2 million quarterly and other covenant restrictions will be adjusted to better reflect the growing financial strength and revenue profile of the business. The Corporation's outstanding debt was \$122 million at June 30th, 2021 and upon closing, the total available under the credit facility will be \$108 million.

Dividend Increase

The Corporation advises that its board of directors has elected to increase its regular quarterly dividend by 40% from \$0.05 to \$0.07 per common share in reflection of its long-term positive outlook for its business. The current quarterly dividend is payable to all shareholders of record at the close of business on August 31, 2021.

The dividend is expected to be paid on or about September 15, 2021. 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 September 15, 2021 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by August 24, 2021, five business days prior to record date. Stock market purchases made under the DRIP for the September 15, 2021 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.

Second Quarter 2021 Financial Results Conference Call and Webcast Details

Additional details relating to individual royalty performances and asset level developments will be provided with the release of full financial results, which will occur on August 9, 2021 after the close of market, with a conference call to follow on August 10, 2021.

Date: August 10, 2021

Time: 9:00 AM ET

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

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

Conference Call Title and ID: Altius Q2 2021 Results, ID 9379845

Webcast Link: [Q2 2021 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 macro-trends 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. In addition, Altius runs a successful Project Generation business that originates mineral projects for sale to developers in exchange for equity positions and royalties. Altius has 41,504,597 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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