

Altius Reports Q1 2021 Attributable Royalty Revenue of \$17.8M And Adjusted Operating Cash Flow of \$8.8M

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[Altius Minerals Corp.](#) (TSX: ALS; OTCQX: ATUSF) ("Altius" or the "Corporation") reports attributable royalty revenue⁽¹⁾ of \$17.8 million (\$0.43 per share⁽¹⁾) for the quarter ended March 31, 2021 which was up 9% from royalty revenue of \$16.3 million (\$0.39 per share) reported in Q1 2020.

Adjusted EBITDA⁽¹⁾ for the quarter was \$14.6 million or \$0.35 per share, up 15% from Adjusted EBITDA of \$12.7 million (\$0.30 per share⁽¹⁾) in Q1 2020. The adjusted EBITDA margin for the quarter was 82%.

Adjusted operating cash flow of \$8.8 million or \$0.21 per share is down by 33% from the comparable quarter last year mainly because of the deferred timing of corporate tax installments during the prior year period.

Net earnings in Q1 2021 are \$11.8 million, and on an adjusted basis are \$6.3 million or \$0.14 per share compared to \$3.4 million or \$0.08 per share of adjusted earnings in Q1 2020. The main adjusting items in the current quarter are a \$0.09 gain on fair value of a derivative (due to increases in unrealized value of warrants in the junior equity portfolio) and a reversal of an impairment charge recorded last year related to a secured debt holding in [Alderon Iron Ore Corp.](#) ("Alderon") following the successful sale of its principal asset through a receivership process. The main adjusting items in Q1 2020 were the non-cash impairment charges recorded on the debt and equity of Alderon when it entered receivership. The full table reconciling adjusted net earnings per share to net earnings per share is included below.

The project generation business contributed \$2.5 million during the quarter from the sale of equity positions (net of cash reinvestments). These net proceeds are not included in the adjusted operating cash flow amount reported above as these are classified under "Investing Activities" within the Corporation's consolidated statement of cash flows.

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 \$1.3 million. In addition the Corporation expended \$7.4 million to repurchase and cancel 473,000 shares under its Normal Course Issuer Bid, with 400,000 shares acquired upon the exercise of warrants that generated proceeds of \$5.6 million.

Outlook and Guidance

The majority of the Corporation's attributable royalty revenue is derived as a function of attributable production volumes multiplied by relevant realized commodity prices. The Corporation provides production guidance summaries of the disclosable information it gains from the underlying operators of the projects on which it holds royalty interests. This volume based information, when considered in conjunction with commonly quoted commodity prices, is provided to help interested shareholders and investors make ongoing estimates of royalty revenue variability. A table that summarizes the production outlook is available as part of the Q4 2020 conference call presentation on the website at www.altiusminerals.com.

Portfolio Performance

Base metals (copper, nickel, zinc and cobalt) revenue of \$7.6 million accounted for 43% of total attributable royalty revenue (40% Q1 2020). Base metal (primarily copper) revenue was positively impacted by improved year over year prices but was offset during the quarter by seasonally lower copper concentrate production as a higher percentage of ore was necessarily sourced from low-grade stockpiles, the timing of sales and residual lag impacts from a Q4 2020 unplanned production interruption at Chapada. This was partially offset by strong mill throughputs and the operator has reiterated full year production guidance. Revenue from both 777 and Voisey's Bay were higher on a year over year comparable period basis on the strength of improved commodity prices and higher copper head grades at 777, and higher volumes of copper, nickel and cobalt production at Voisey's Bay year over year given the reduced production during COVID 19 closures last year. A nominal payment was received from Gunnison related to sales of copper recovered during start-up operations to mark first royalty revenue from this asset.

Potash royalty revenue of \$4.0 million accounted for 23% of total attributable royalty revenue (27% in Q1 2020). Revenue from potash operations on which Altius holds royalties were 9% lower for the three months ended March 31, 2021 compared to the same period in 2020, which saw a one-time addition of \$690,000 related to a reconciliation of prior period payments. Realized potash prices of \$360/tonne in Q1 2021 are up 2% from Q1 2020 which was offset by the one-time adjustment in that period. Pricing has improved by 12% over Q4 2020 as potash market prices have strengthened considerably over the past several months and these are expected to begin to be reflected in realized prices in coming periods in relation to normal product delivery and sale lag impacts. Both operators of the six potash mines on which we hold royalties are expecting a further modest increase in global demand in 2021 following a strong rebound in demand in 2020.

Iron ore royalty revenue of \$2.9 million accounted for 16% of total royalty revenue (6% in Q1 2020). Dividends received from [Labrador Iron Ore Royalty Corp.](#) ("LIORC"), which serves as a pass-through vehicle for royalties and equity dividends received from the operations of the Iron Ore Company of Canada, totaled \$1.00 per LIORC share as compared to \$0.35 in Q1 2020. In Q1 2020 IOC elected to withhold equity dividends due to COVID 19 related uncertainties. IOC has this quarter declared force majeure on certain customer shipments due to a fire at its port facilities that has resulted in reduced ship-loading rates. It has however reiterated full year production and sales guidance as it expects to be able to offset current shortfalls with increased loading rates later in the year. Market prices and demand for high-purity iron ore products of the type produced by IOC have been at record levels thus far in 2021 as strong global steel demand and margins have been accompanied by stricter emissions controls in China. Higher purity forms of iron ore inputs generally result in lower carbon and other emissions during steelmaking.

Thermal coal royalty revenue of \$2.9 million accounted for 16% of total royalty revenue (15% in Q1 2020). Production levels from the Genesee mine were comparable to the prior year period but were considerably lower at Sheerness, which is approaching planned closure. The increase in revenue over the prior comparable period reflects a higher year over year ownership interest in the partnership that holds the royalties, stemming from the July 2020 acquisition of additional royalty partnership units from Liberty Metals & Mining Holdings LLC.

Renewables based revenue was lower due to a one-time recognition of timber rights sales from the Pickett Mountain royalty in Maine during the prior year period. Altius Renewable Royalties ("ARR") completed a \$100 million initial public offering through the TSX in Q1 of this year and its partly owned subsidiary Great Bay Renewables LLC has announced the creation of several new royalties on development stage renewable energy projects thus far in 2021. The Corporation holds a 59% interest in ARR following the IPO and subsequent exercise of the over-allotment option by the IPO underwriters.

The following tables summarize the financial results and attributable revenue for the quarters ended March 31, 2021 and 2020:

	Three months ended		
	March 31, 2021	March 31, 2020	Variance
Revenue			
Attributable royalty	\$ 17,760	\$ 16,279	\$ 1,481

Project generation	408	-	408
Attributable revenue ⁽¹⁾	18,168	16,279	1,889
Adjust: joint venture revenue	(666)	(3,230)	2,564
IFRS revenue per consolidated financial statements	\$ 17,502	\$ 13,049	\$4,453
Total assets	\$ 702,038	\$ 566,567	\$135,471
Total liabilities	201,904	209,328	(7,424)
Dividends declared & paid to shareholders	2,074	2,090	(16)
Adjusted EBITDA (1)	14,590	12,723	1,867
Adjusted operating cash flow (1)	8,810	13,228	(4,418)
Net earnings (loss)	11,804	(3,167)	14,971
Attributable revenue per share (1)	\$ 0.43	\$ 0.39	\$0.04
Adjusted EBITDA per share (1)	0.35	0.30	0.05
Adjusted operating cash flow per share (1)	0.21	0.32	(0.11)
Net earnings (loss) per share, basic and diluted	0.28	(0.06)	0.34

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

In Thousands of Canadian Dollars

Three months ended

Summary of attributable royalty revenue

Revenue

Base metals

777 Mine	\$ 3,535	\$ 2,299	\$ 1,236
Chapada	3,461	4,133	(672)
Voisey's Bay	631	127	504
Metallurgical Coal			
Cheviot	58	590	(532)
Thermal (Electrical) Coal			
Genesee	2,447	1,326	1,121
Paintearth	-	75	(75)
Sheerness	479	1,030	(551)
Highvale	-	82	(82)
Potash			
Cory	312	223	89
Rocanville	2,362	2,976	(614)
Allan	223	196	27
Patience Lake	156	139	17

Esterhazy	966	861	105
Vanscoy	49	9	40
Lanigan	4	2	2
Iron ore ⁽¹⁾	2,874	1,006	1,868
Other			
Renewables	35	907	(872)
Coal bed methane	153	134	19
Interest and investment	15	164	(149)
Attributable royalty revenue	\$ 17,760	\$ 16,279	\$ 1,481

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

⁽¹⁾LIORC dividends received

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>.
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:

In Thousands of Canadian Dollars, except per share amounts Three months ended

Adjusted Earnings per Share	March 31, 2021	March 31, 2020
Reported earnings (loss) per share	\$ 0.28	\$ (0.08)
Adjusted for:		
Equity investments and joint ventures	(0.04)	0.08
Derivatives and foreign exchange	(0.10)	0.04
Tax adjustments	-	0.04
Adjusted earnings per share	\$ 0.14	\$ 0.08

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.

Liquidity and Dividend Declaration

Cash and cash equivalents at March 31, 2021 was \$111.9 million, compared to \$21.8 million at the end of 2020; however, most of the cash (\$92.0 million) represents the net proceeds from the ARR Initial Public Offering ("IPO") with a corresponding adjustment to non-controlling interests. Cash excluding the IPO was \$19.1 million. The value of publicly traded Project Generation business equity holdings was \$54.2 million. The Corporation's outstanding debt decreased to \$127.6 million at quarter end, with approximately \$42.0

million available under the revolving facility.

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 May 31, 2021.

The dividend is expected to be paid on or about June 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 June 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 May 24, 2021, five business days prior to record date. Stock market purchases made under the DRIP for the June 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.

First 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 May 11, 2021 after the close of market, with a conference call to follow on May 12, 2021.

Date: May 12, 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 Q1 2021 Results, ID 9393768

Webcast Link:

<https://onlinexperiences.com/scripts/Server.nxp?LASCmd=AI:4;F:QS!10100&ShowUUID=83B0A7AF-8646-4761-BD77>

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 41,457,706 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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