

# Abitibi Royalties: Update on Canadian Malartic Mine Royalties

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VAL-D'OR, Québec, May 07, 2018 (GLOBE NEWSWIRE) -- Abitibi Royalties Inc. (TSX-V:RZZ) ("Abitibi Royalties" or the "Company") is pleased to provide an update on the Company's net smelter royalties ("NSR") at the Canadian Malartic Mine, Canada's largest gold mine, near Val-d'Or, Québec.

## Royalties at the Canadian Malartic Mine

The Canadian Malartic Mine, where Abitibi Royalties owns various NSR's, is jointly operated by [Agnico Eagle Mines Ltd.](#) ("Agnico Eagle") and [Yamana Gold Inc.](#) ("Yamana") (collectively the "Partnership"). Abitibi Royalties NSR's cover portions of the Odyssey Project (3%), East Malartic Zones (3%), Jeffrey Zone (3%), Barnat Extension (3%) and a portion of the Gouldie Zone (2%) (Fig. 1, 2 & 3).

## Exploration Update & Activities

At the Canadian Malartic Mine, exploration programs are ongoing to evaluate a number of near pit and underground targets (Fig. 2). In addition, the Partnership is exploring the Odyssey and East Malartic Projects, which are located to the east of the Canadian Malartic open pit (Fig. 1, 2 & 3). These opportunities have the potential to provide new eventual sources of ore for the Canadian Malartic mill.

The 2018 exploration program consists of 140,000 metres of drilling with a budgeted cost of US\$17.2 million, including 80,000 metres for valuation in the upper and middle parts of the East Malartic Zone. There are currently three drill rigs at the East Malartic Project and six rigs at the Odyssey Project. In Q1 2018, 22,089 metres of drilling (46 holes) were completed at the Odyssey Project and 13,600 metres (18 holes) were completed at the East Malartic Project. To view the current 2017 resource estimate for the Odyssey and East Malartic Projects relative to the current mineral envelope using a 1.0 g/t cut-off, please see Fig 3. *This figure is important because it highlights the potential to further expand the existing resources.*

### a) Odyssey Project

Exploration is currently focusing on infilling the near-surface portion of the deposit in Odyssey South (Fig. 1, 2 & 3). Recent drilling on the Odyssey South Zone returned several significant intersections that confirm its favourable geological setting apart from the current mineral resource area, confirm the grade of the mineral resources and appear to Management that the size of the zone could increase.

Recent drill intercepts from Odyssey South, include hole ODY18-5198 that intersected 18.5 g/t gold (capped at 20.0 g/t gold or 39.1 g/t uncapped) over 2.8 metres at 273 metres depth and hole ODY18-5202 that intersected 2.4 g/t gold over 8.3 metres at 369 metres depth. These drill results, in addition to maps provided by the mine operators, indicate that the mineralized envelope has expanded approximately 400 metres to the northwest and closer to surface, appearing to further extend the Odyssey South Zone into the area where Abitibi Royalties holds a 3% NSR. Definition and expansion drilling will continue in the coming quarters to increase confidence in the grade and zone geometry.

### b) East Malartic Project

At the East Malartic Project, the mine operators are exploring three mineralized zones with distinct geology that appear to come together beneath and to the east of the Canadian Malartic open pit. The East Malartic

and Sladen zones extend from beneath the open pit eastward to beneath the Odyssey North Zone, while the Sheehan Zone lies immediately north of East Malartic and Sladen in a shear zone including porphyritic intrusives and ultramafic volcanic rocks (Fig. 1, 2 & 3). Both the East Malartic and Sladen zones are related to the Sladen fault that also includes Canadian Malartic Mine mineralization (to the west) and the Odyssey North Zone (to the east).

Among the most promising intercepts in the Sheehan Zone from the 2017 drill program believed to be within the area covered by the Company's 3% NSR include hole MEV17-SH-1005 that intersected 3.5 g/t gold over 21.2 metres at 338 metres depth, including 9.5 g/t gold over 5.8 metres.

In the East Malartic Zone, there were also promising results in 2017 that are believed to be covered by the Company's 3% NSR, including hole MEV17-EA-2002WA that intersected 2.2 g/t gold over 18.0 metres at 962 metres depth. Hole MEV17-012A intersected both the Sheehan and East Malartic Zones, returning 3.3 g/t gold over 7.9 metres, including 6.4 g/t gold over 2.8 metres at 360 metres depth and 3.9 g/t gold over 3.2 metres, including 5.2 g/t gold over 2.1 metres at 475 metres.

The goals of the 2018 exploration program at the Canadian Malartic Mine are to continue drilling Odyssey and East Malartic, expand mineral resources and transfer inferred mineral resources to indicated mineral resources in the shallower portions of the Odyssey South and East Malartic zones, drill to better define the geometry of the higher-grade Internal Zones at the Odyssey Zone and look to expand the pit mineral reserves.

#### Development Activities

##### a) Barnat Extension

The Barnat Extension project (which includes the Jeffrey Zone) continues to progress on schedule and on budget. Based on the production schedule provided by the mine operators, Abitibi Royalties anticipates royalty cash flow potentially commencing in Q4 2018 (Please see news release dated March 19, 2018 for 3 year royalty production schedule).

##### b) Odyssey South and East Malartic Zones

Permitting activities are underway for an exploration ramp to provide underground access to the shallower portions of the Odyssey South and East Malartic zones. Development of the ramp, which will provide access for underground drilling and collection of a bulk sample, is anticipated to begin in late 2018. The goal of the underground development program is to provide higher grade feed to the Canadian Malartic mill and extend the current mine life. The Company's NSR's apply to any bulk sample or other form of production from the property.

#### Technical Information

Abitibi Royalties has not received any of the drill hole data that is contained in Agnico Eagle's Q1-2018 news release (April 27, 2018) that is not in the public domain. Although the Company believes that the drill intercepts in this news release are contained inside the area where the Company owns a 3% NSR there can be no assurances that this is the case. In addition, the Company can make no assurances that the extension of the Odyssey South Zone to the northwest and nearer surface is contained inside the Company's 3% NSR as shown in Figures 1, 2 and 3, although the Company believes so. All drill results shown are estimated to be true widths. To view the reserves and resources attributable to the Company's NSR's as of December 31, 2017, please see news release dated March 19, 2018.

#### QUALIFIED PERSON

Glenn J. Mullan, Chairman, is the Qualified Person (as that term is defined in National Instrument 43-101 & Standards of Disclosure for Minerals Projects) who has reviewed and approved the technical sections of this news release which is solely based on and derived from information contained in Agnico

Eagle's Q1-2018 news release (April 27, 2018) and Yamana's Q1-2018 MD&A and without independent verification.

#### Cash Flow Update

The Company's cash flow (dividends, covered call/put option premiums and other) in 2018 as of May 4<sup>th</sup>, 2018, totals approximately CDN\$710,000. The Company is expecting royalty cash flow from the Jeffrey Zone at the Canadian Malartic Mine to begin in Q4-2018. For more information on the Company's investments, dividends, individual covered call and put contracts, please see the Company's Q4-2017 MD&A (prepared as of April 19<sup>th</sup>, 2018) and Q4-2017 Financial Statements, which can be found on the Company's website [www.abitibiroyalties.com](http://www.abitibiroyalties.com).

#### Legal Update

The mine operators have disclosed various legal proceedings against the Canadian Malartic Mine in their respective regulatory filings. Should any of the legal proceedings be successful against the Canadian Malartic Mine, there is a risk that there could be a reduction in future production, which could potentially impact future royalty payments to Abitibi Royalties, although such impact, if any, is not known at this time. For more information please refer to Agnico Eagle and Yamana's Q1-2018 Management Discussion and Analysis.

#### About Abitibi Royalties

Abitibi Royalties holds a 3% NSR on portions of the Odyssey Project, East Malartic Project, Jeffrey Zone, eastern portion of the Barnat Extension and a 2% NSR on a portion of the Gouldie and the Charlie zones, all at the Canadian Malartic Mine near Val-d'Or, Québec. In addition, the Company is building a portfolio of royalties on early stage properties near producing mines.

[Golden Valley Mines Ltd.](#) and Rob McEwen hold approximately 49.2% and 12.2% interest in Abitibi Royalties, respectively.

For additional information, please contact:

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#### Forward Looking Statements:

This news release contains certain statements that may be deemed "forward-looking statements". Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may" or "should" occur. Although the Company 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 realities may differ materially from those in forward looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as required by law, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the*

*policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

Figure 1 &ndash; Plan Map of Canadian Malartic Mine and Abitibi Royalties NSR Holdings:  
<http://abitibiroyalties.com/maps/nr05072018/rzz-planmap-fig1.jpg>

Figure 2 &ndash; Plan Map of Canadian Malartic Mine and Near Pit Targets Covered by Abitibi Royalties&rsquo;s: <http://abitibiroyalties.com/maps/nr05072018/rzz-planmap-fig2.jpg>

Figure 3 - Schematic Longitudinal Section of the Canadian Malartic Mine & Abitibi Royalties 3% NSR:  
<http://abitibiroyalties.com/maps/nr05072018/rzz-schematic-longitudinal-fig3.jpg>

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