Abitibi Royalties: Royalties & Corporate Update

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VAL-D'OR, Quebec, May 06, 2019 -- Abitibi Royalties Inc. (RZZ-TSX-V, ATBYF-OTC-Nasdaq Intl: “Abitibi Royalties” or the “Company”) is pleased to provide an update on the Company’s net smelter royalties (NSRs) at the Canadian Malartic Mine, Canada’s largest gold mine, near Val-d’Or, Québec, in addition to other NSRs the Company holds on earlier stage exploration projects and an update on the Company’s Normal Course Issuer Bid.

1) Canadian Malartic Exploration

Exploration programs are ongoing to evaluate several deposits to the east of the Canadian Malartic open pit where the Company holds a 3% NSR. This includes portions of Odyssey, East Malartic, Sladen and Sheehan (Fig. 1). During Q1-2019, exploration at the Odyssey deposit focused on defining several internal zones and expanding the deposit towards the Rand Malartic property boundary to the east (Fig. 1).

Agnico Eagle Mines Ltd. (“Agnico Eagle”) previously disclosed that the Canadian Malartic exploration programs in 2019 will consists of 47,400 metres of drilling (both capitalized drilling and expensed). Subsequently, Yamana Gold Inc. (“Yamana”) disclosed that their annualized corporate exploration expenditures will increase by up to US$20 million per year through their guidance period. It is currently unknown what impact this increase in exploration expenditures will have at the Canadian Malartic Mine.

In 2018, regional exploration at the Midway Project (Fig. 1), where the Company holds a 1.5% NSR (subject to a 1% buyback for USD$1 million) and the 117 Zone (current location unknown) involved drilling 30 holes for 16,925 metres. A total of 3,000 metres of drilling is budgeted for the Midway Project in 2019. The Midway Project hosts the main portion of the zones of the former Malartic Gold Fields Mine that had historical production of 1.7 million ounces of gold (from 9.0 million tonnes of ore) to a depth of 800 metres, from 1939 to 1965. The property contains Shaft 1 of the Malartic Gold Fields Mine and an underground ramp with access to the near surface zones and is subject to a historical NI 43-101 resource estimate (see news release dated July 9, 2018). Abitibi Royalties acquired the NSR in July 2018

2) Odyssey & East Malartic Potential Production (2021-2023)

Odyssey and East Malartic are being studied for potential underground mining from surface to a depth of 600 metres, starting between 2021-2023 and then potentially deeper beyond 2023. Preliminary studies show the potential for production increases of approximately 150,000 gold-equivalent ounces per year at the Canadian Malartic Mine with ore fed to the existing Malartic mill, displacing a portion of the lower grade open pit ores. Further evaluation through additional drilling from underground access points, resource delineation and engineering would be required to advance Odyssey and East Malartic towards a development decision. The study is expected to be completed in late 2019 or early 2020 and if approved, development starting thereafter. The permit allowing for the development of an underground ramp at the Odyssey Project was received by Canadian Malartic in December 2018.

3) Red Lake Royalties (1% NSR)

On April 25, 2019 Pacton Gold Inc. (“Pacton”) announced the completion of a high resolution airborne magnetic survey at their Red Lake property in Ontario. Abitibi Royalties holds a 1% NSR on portions of Pacton’s Red Lake property (Fig. 2). With the survey complete, Pacton is planning to begin initial field exploration. This will include following up on historical sampling, gold showings, trenching and diamond drilling, along with the geophysical survey and soil sampling.

3) Q1-2019 Cash Flow

As previously announced on April 16th, 2019, the Company generated total cash flow of approximately CDN$1.0 million, with approximately CDN$388,000 coming from the Company’s 3% NSR (Fig. 1) at the Canadian Malartic Mine. Royalties from the Canadian Malartic Mine commenced at the end of Q4-2018.

4) Normal Course Issuer Bid (“NCIB”)

Since the Company’s last update on September 26, 2018 approximately 56,500 additional common shares under the (“NCIB”) have been repurchased by Abitibi Royalties and cancelled at an average price of CDN$10.90 per share. The Company now has 12,467,739 shares outstanding and 12,548,910 shares on a fully diluted basis. Abitibi Royalties has not issued any stock options since September 2014 or restricted share units since March 2016. The Company has no current intentions of issuing equity compensation and similar to previous years will not be seeking shareholder approval at its upcoming Annual General Meeting for any such plans.

Technical Information

The Company requires additional details before it will know the full impact of the preliminary studies being completed by Agnico Eagle and Yamana on any potential future production at Odyssey and East Malartic. This includes the grade and tonnes of the open pit low-grade ores that would be potentially displaced by the higher-grade underground material from Odyssey and East Malartic, subsequent production totals for each of these deposits and the percentage of production coming from the area covered by the Company’s 3% NSR. The Company has not received any of the drill hole data from the exploration drilling at the Canadian Malartic Mine during Q1-2019 and there can be no assurances that all or any of the drilling was completed where Abitibi Royalties holds an NSR. In addition, there can be no assurances that all or any of the planned drilling during 2019 will be where the Company holds a royalty. Similarly, the Company can provide no assurances that the proposed exploration at Pacton’s Red Lake properties will occur on areas covered by the Company’s NSRs.

About Abitibi Royalties

Abitibi Royalties owns various royalty interests 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. The Company has a strong treasury and is debt free.

QUALIFIED PERSON 

Glenn Mullan, Chairman, is the Qualified Person (as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects) who has reviewed this news release based solely on the public disclosure provided by Agnico Eagle and Yamana Gold and without independent verification and is responsible for the technical information reported herein.

For additional information, please contact:

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Figure 1. Canadian Malartic Mine – Royalty Holdings

Figure 2. Abitibi Royalties NSRs in Red Lake District

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