Abitibi Royalties: Canadian Malartic & Early Stage Royalties Development & Exploration Update

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VAL-D’OR, July 29, 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 early-stage exploration projects. The Company is unique among its peers due to its strong treasury, no debt, quarterly dividend, share buyback program and limited number of outstanding shares (approximately 12.5 million).

Royalties at the Canadian Malartic Mine

The Canadian Malartic Mine, where Abitibi Royalties owns various NSRs and a net profit interest (“NPI”), is jointly operated by Agnico Eagle Mines Ltd. (“Agnico Eagle”) and Yamana Gold Inc. (“Yamana”). Abitibi Royalties’ NSRs and NPI cover portions of East Malartic (3% NSR), Odyssey (3% NSR), Sladen (3% NSR), Sheehan (3% NSR), Jeffrey (3% NSR), Barnat Extension (3% NSR), Gouldie (2% NSR), Charlie (2% NSR) and all of Midway (1.5% NSR) and the Radium Property (15% NPI) (Fig 1.). Production from some of the smaller open pit portions of the royalties began in December 2018.

1) Odyssey & East Malartic Potential Production (3% NSR)

The Company is advised that 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 (Fig. 2). As last reported by Yamana, 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, initially displacing a portion of the lower grade open pit ores. Access for underground drilling and possible mining would be by ramp extending from the Odyssey Zone. The permit allowing for the development of an underground ramp was received in December 2018. Further evaluation through additional underground drilling would be followed by updates to the resource delineation and engineering involving Odyssey and East Malartic, although the areas of mineralization and potential extend beyond these areas. An internal study to evaluate the potential development and production from mining of these underground zones as well as synergies with the open pit operation is in progress and well advanced. As disclosed by Yamana, the internal study is expected to be completed in Q1-2020.

2) Exploration Odyssey, East Malartic, Sladen & Sheehan (3% NSR)

The Company understands 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, Sheehan and potentially other newly discovered zones (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). In June 2019, Agnico Eagle disclosed two new prospective areas that are outside of the current NI 43-101 resource estimate. The first is the Shaft 2 Prospect, located north of Odyssey and second is the Piché-Harvey Prospect, which is part of the Midway Project described below (Fig. 1).

Agnico Eagle previously disclosed that the Canadian Malartic exploration programs in 2019 will consist of 47,400 metres of drilling (both capitalized drilling and expensed). Subsequently, Yamana disclosed that its corporate exploration budget for the remainder of 2019 will be increased by USD$10 million in order to build mineral reserves and mineral resources at key operations. Yamana’s exploration plans are focused

on increasing the grade, mineral resources and mine life at the Canadian Malartic Mine. Yamana is planning to issue a corporate exploration update in Q3-2019.

In addition, a total of 3,000 metres of drilling is budgeted for the Midway Project in 2019, where the Company holds a 1.5% NSR (subject to a 1% buyback for USD$1 million) (Fig. 1). 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 (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 that can be viewed here. Abitibi Royalties acquired the NSR in July 2018.

Early Stage Royalties Update

In 2015, Abitibi Royalties began acquiring royalties on early-stage projects near existing mines, where historical exploration had outlined favourable geology with indications of mineralization. The Company believed this was a low-cost method of gaining increased exposure to favourable mining regions. Since acquiring the royalties, a number of the projects are now being advanced.

1) Red Lake Royalties (1% NSR)

The Company holds various NSR interests located near Newmont Goldcorp’s Red Lake Mine and adjacent to Pure Gold’s Madsen Mine (Fig. 3) in Red Lake, Ontario. On July 16, 2019, Pacton Gold Inc. (“Pacton”) announced that a detailed mapping and prospecting program is underway at their Red Lake Gold Project (Fig. 3), with a 10,000 metre drill program planned to commence in late summer. The initial program will concentrate on the exploration of Riedel shear associated and identified gold targets in the western part of the Red Lake Project. Abitibi Royalties’ 1% NSR covers a number of key historical gold occurrences within Pacton’s Red Lake Gold Project. For additional details, including the location of gold occurrences on the property, please see Pacton’s news release dated July 16, 2019. The Company does not know how much of the planned drilling will occur inside Abitibi Royalties NSR.

2) Revillard Royalty (2% NSR)

Abitibi Royalties holds a 2% NSR on the Revillard property, located approximately 10 kilometres northwest of the Canadian Malartic Mine in Québec (Fig. 4). The Revillard property forms part of a larger set of claims known as the Malartic Project, which is under option by Dundee Precious Metals (“Dundee”). Dundee announced that a diamond drill program consisting of 5,800 metres in nine holes started in March 2019. Drill targets occur along the gold-bearing Parfouru deformation zone, and near last year’s initial discoveries. The targets are being tested both laterally and at approximately 300 to 400 metres from the surface. The drill program was expected to be completed during Q2-2019. Dundee has disclosed that once the drill program is completed, results will be interpreted, and the summer exploration program will be planned. The Company does not know how much of the planned drilling will occur inside Abitibi Royalties NSR. Under the option agreement, Dundee can earn an initial 51% interest in the Malartic Project by spending CDN$2.5 million within three years of the effective date of the option agreement (option agreement announced July 4, 2017). Following that, Dundee will have the further option to increase its interest to 71% by incurring an additional CDN$3.5 million in expenditures on the property within three years.

3) New Alger Project Royalty (1% NSR)

Abitibi Royalties holds a 1% NSR on the New Alger Project, which contains the historic Thompson-Cadillac Mine, located in the Abitibi region of northwest Québec and contains a NI 43-101 Inferred resource estimate that can be viewed here. The New Alger Project is 100% owned by Renforth Resources (“Renforth”) and adjoins Agnico Eagle’s LaRonde Mine to the southeast (Fig. 5).

On July 9, 2019, Renforth announced that it is planning to prospect and strip areas at and to the south of the Discovery Veins. In addition, Renforth is planning preliminary prospecting and potential soil sampling in the southern claims at New Alger where government data shows some of the highest soil samples obtained in the area.

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 in 2019 and there can be no assurances that all or any of the drilling or new discoveries are in areas where Abitibi Royalties holds an NSR. Similarly, the Company can provide no assurances that all or any of the exploration drilling at Pacton’s Red Lake properties or Dundee’s Malartic Project will occur in 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 is unique among its peers due to its strong treasury, no debt, quarterly dividend, share buyback program and limited number of shares (approximately 12.5 million).

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, Yamana, Pacton, Dundee and Renforth and without independent verification and is responsible for the technical information reported herein.

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Figure 1. Abitibi Royalties’ Canadian Malartic Royalties and New Prospect Areas

Figure 2. Schematic Longitudinal Section of East Malartic & Odyssey Projects

Figure 3. Abitibi Royalties’ NSRs in Red Lake District

Figure 4. Abitibi Royalties - Revillard Royalty Location

Figure 5. Abitibi Royalties - New Alger Royalty Location

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