

# Abitibi Royalties Update on Canadian Malartic Mine & Early Stage Exploration Royalties

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VAL-D&rsquo;OR, Feb. 18, 2020 - [Abitibi Royalties Inc.](#) (RZZ-TSX-V: &ldquo;Abitibi Royalties&rdquo; or the &ldquo;Company&rdquo;) is pleased to provide an update on the Company&rsquo;s net smelter royalties (&ldquo;NSR&rdquo;) at the Canadian Malartic Mine, Canada&rsquo;s largest gold mine, near Val-d&rsquo;Or, Qu&eacute;bec, in addition to other NSRs the Company holds on earlier stage exploration projects. The Company is unique among its peers due to its strong treasury, no debt, monthly dividend, share buyback program and limited number of outstanding shares (approximately 12.5 million).

## Royalties at Canadian Malartic Mine

The Canadian Malartic Mine, where Abitibi Royalties owns various NSRs and a net profit interest (&ldquo;NPI&rdquo;), is jointly operated by [Agnico Eagle Mines Ltd.](#) (&ldquo;Agnico Eagle&rdquo;) and Yamana Gold Inc. (&ldquo;Yamana&rdquo;). Abitibi Royalties&rsquo; 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 Zone (2% NSR) and the Charlie Zone (2% NSR). In addition, the Company holds a 1.5% NSR on the Midway Project and a 15% NPI on the Radium Property, which are all operated and located at, or proximate to, the Canadian Malartic Mine (Fig. 1).

### 1) Updated Resource Estimate for East Malartic & Odyssey Project

The objective of the 2019 exploration program at Canadian Malartic was to define and increase underground mineral resources, with a focus on Odyssey, East Malartic, and the newly discovered East Gouldie Zone (Fig. 1). The owners of the Canadian Malartic Mine issued new resource estimates for East Malartic and Odyssey (as of year-end 2019) on February 13, 2020. The updated resource estimate for East Malartic includes Indicated Resources of 694,000 ounces of gold (9.9 million tonnes grading 2.18 g/t gold) and Inferred mineral resources of 5,192,000 ounces of gold (78.8 million tonnes grading 2.05 g/t). The updated resource estimate for the Odyssey Project includes Indicated mineral resources of 136,000 ounces of gold (2.0 million tonnes grading 2.10 g/t) and Inferred mineral resources of 1,666,000 ounces of gold (23.4 million tonnes grading 2.22 g/t). No estimate was provided for the Midway Project where the Company holds a 1.5% NSR (subject to a 1% buyback for USD\$1 million), which contains a historical NI 43-101 resource estimate.

Deep drilling east of the open pit in late 2018 resulted in the discovery of a new gold-mineralized zone, located south of the East Malartic and Odyssey zones, named the East Gouldie Zone. The East Gouldie Zone has a strike length of 1,300 metres in an east-west direction, dips 60 degrees north, and extends from 700 metres to 1,900 metres (estimated) depth below surface. Exploration drilling suggests that East Gouldie may potentially trend onto the Company&rsquo;s 3% NSR at depth and that the East Gouldie, East Malartic and Sladen zones are converging, increasing the level of confidence in the economic potential of overall mineral resources below 1,000 meters. However, the Company believes additional drilling is required to make these determinations. The initial resource estimate for East Gouldie can be found in Agnico Eagle&rsquo;s and Yamana&rsquo;s Q4-2019 Financial Results News Releases dated February 13, 2020.

For the portion of the reserve and resources covered by Abitibi Royalties&rsquo; 3% NSR as of December 31, 2018 (resources for East Malartic calculated to a depth of 1,000 metres versus resources stated above that were calculated to a depth of 1,800 metres), please see the Company&rsquo;s news release dated March 14<sup>th</sup>, 2019. The Company anticipates receiving an updated reserve and resource estimate for areas covered by its 3% NSR in late Q1 or early Q2-2020 based on the updated estimates above.

### 2) Update on Barnat Extension

In Q4-2019, pre-commercial production began at the Barnat Extension project as the new Highway 117

deviation has opened. The mine owners announced that mining activities at the Barnat pit are expected to ramp up during 2020. The Company expects to receive from the mine owners an updated 3-year production schedule for the Barnat Extension areas covered by the Company's 3% NSR in late Q1 or early Q2-2020. The Company also anticipates receiving and releasing an updated reserve and resource estimate for areas covered by its 3% NSR at Jeffrey and the Barnat Extension in late Q1 or early Q2-2020.

### 3) Possible Production 2023 (3% NSR)

Agnico Eagle states that it is evaluating several potential opportunities at a number of existing operations to build further value and enhance its gold production profile. Odyssey and East Malartic were identified as possible opportunities for potential underground mining to a depth of 1,000 metres starting in 2023 (which have not been approved for development at this time). The substantial increases in mineral resources, particularly at the East Gouldie and East Malartic zones, are anticipated to eventually replace mineral reserves currently being mined at the adjacent Canadian Malartic pit. The Partnership continues to evaluate the Odyssey project with consideration being given to potential new development synergies between the various zones at East Gouldie, Odyssey, East Malartic and Canadian Malartic. Agnico Eagle further states that subject to a positive development decision, initial production could potentially start in 2023. The permit allowing for the development of an underground ramp was received in December 2018. Agnico Eagle states production from deeper portions (below 1,000 metres) of the Odyssey and East Malartic underground zones and development of the East Gouldie Zone could potentially commence beyond 2023 (which have not been approved for development at this time). There can be no assurances that the development scenarios above will be approved as stated, or at all.

### 4) Canadian Malartic Mine Exploration Budget

Exploration programs are ongoing to evaluate several deposits and prospective exploration areas to the east of the Canadian Malartic open pit, including the new mineralized zone discovery of East Gouldie, as well as Odyssey, East Malartic, Sladen, Sheehan and Rand (Fig. 1). Agnico Eagle states that the Canadian Malartic exploration programs in 2020 will consist of 112,000 metres of drilling. A total of 90,000 metres of exploration and conversion drilling will be primarily focused on declaring new inferred mineral resources at the East Gouldie Zone and infilling the current inferred mineral resources. Exploration drilling suggests that East Gouldie may potentially trend onto the Company's 3% NSR at depth. However, the Company believes additional drilling and information is required to make this determination. An additional 22,000 metres of exploration drilling will test other regional targets at Canadian Malartic.

### 5) Earlier Stage Exploration Royalties & Malartic Area, Québec & Red Lake, Ontario

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.

#### Revillard (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 2). The Revillard property forms part of a larger set of claims known as the Malartic Project, which is under option by Dundee Precious Metals (&ldquo;Dundee&rdquo;). In 2019, Dundee met its second year of exploration commitments to the underlying property owner, which included 5,833 metres of drilling in 9 holes. Drill results can be reviewed in Dundee's Q4-2019 MD&A. Other exploration activities completed in 2019 include prospecting, mapping and rock sampling. Exploration plans for 2020 include a possible 3,250 metres drill program.

#### New Alger Project (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 adjoins Agnico Eagle's LaRonde Mine to the southeast (Fig. 3). The project contains a NI 43-101 Inferred resource estimate that can be viewed here. [Renforth Resources Inc.](#) (&ldquo;Renforth&rdquo;), which owns 100% of the New Alger Project, announced

drill results on January 21, 2020 that included a new discovery of the gold-bearing Sericite Zone in the Cadillac Break, which returned 11.2 gpt gold over 0.5 metres. The Sericite Zone was intersected over 160 metres in 3 holes and is open along strike. In addition, the Thompson-Cadillac Mine Veins were intersected in each hole and included 5.38 gpt gold over 4.8 metres (core length), including 11.83 gpt gold over 1.9 metres (core length).

Renforth announced on January 5<sup>th</sup>, 2020 that a new phase of drilling had commenced at the New Alger Project. The exploration program will drill several longer holes that will focus on different target areas. Results from this drill program are pending.

#### Red Lake Royalties (1% NSR)

The Company holds various NSR interests located near Newmont Corporation's Red Lake Mine and adjacent to Pure Gold Mining's Madsen Mine and Great Bear Resources' Dixie Project (Fig. 4) in Red Lake, Ontario. On October 10, 2019, [Pacton Gold Inc.](#) ("Pacton") announced that drill crews had been mobilized to complete a 10,000 metre drill program on a number of high-priority targets within the Madsen-Dixie fault corridor. Abitibi Royalties' 1% NSR covers a number of key historical gold occurrences within Pacton's Red Lake Gold Project and inside the Madsen-Dixie fault corridor. Drill results are pending.

#### 6) Q4-2019 Cash Generation

On January 20, 2020, the Company announced that it had generated total cash of approximately CDN\$2.1 million during Q4-2019, with approximately CDN\$999,000 coming from royalties on the open pit portion contained within the Company's 3% NSR at the Canadian Malartic Mine. The remainder of the cash generated during the quarter came from option premiums (CDN\$268,000), dividends (CDN\$140,000) and taxable capital gains from equity investments (CDN\$697,000).

During the twelve months ended December 31, 2019, the Company generated cash of approximately CDN\$5.3 million (See news release dated April 16, 2019 for Q1-2019, July 17, 2019 for Q2-2019 and October 16, 2019 for Q3-2019 breakdowns).

#### 7) Dividend Payments

On January 20, 2020, the Company announced that its board of directors had approved a 25% dividend increase from CDN\$0.12 to CDN\$0.15 per common share on an annualized basis. The frequency of dividend payments was also changed from quarterly to monthly. The increased dividend amount and the payment of monthly dividends will begin in April 2020.

#### Technical Information

Abitibi Royalties has not received all, or in most cases any, of the drill hole data that has not been made public that makes up the updated resource estimates at the Canadian Malartic Mine. Please see the Company's news release dated March 14, 2019 to view the resources covered by Abitibi Royalties' 3% NSR at Canadian Malartic as of December 31, 2018 (resources for East Malartic calculated to a depth of 1,000 metres in 2018 versus a depth of 1,800 metres in 2019). The Company expects to receive an updated reserve and resource estimate for areas covered at by its NSRs in late Q1 or early Q2-2020. Additionally, the Company can make no assurances that the areas for possible production in 2023 and beyond where the Company holds a royalty will result in actual production or that all or any of the planned drilling in 2020 will be in areas covered by the Company's royalties. Similarly, the Company can provide no assurances that the proposed exploration at Dundee's Malartic Project or Pacton's Red Lake properties will occur on areas covered by the Company's NSRs. Fire assay results for gold from the New Alger Project contained in this news release were obtained from Laboratoire d'Analyse Bourlamaque, in Bourlamaque, Québec.

Non-IFRS Measure: The Company has calculated the measure "cash" using the cash basis of accounting. This is a non-IFRS measure as IFRS required the Company's cash in its financial

statements to be recognized using the accrual basis of accounting. The Company believes that this measure, while not a substitute for measures of performance prepared in accordance with IFRS, provides investors an improved ability to evaluate the underlying performance of the Company.

## QUALIFIED PERSON

Glenn J. Mullan, Chairman, is the Qualified Person (as that term is defined in National Instrument 43-101 &ndash; Standards of Disclosure for Minerals Projects) and has reviewed and approved the technical sections of this news release, which are solely based on and derived from public disclosure made by Agnico Eagle and Yamana, and without independent verification. Information contained in this news release under the heading &ldquo;Earlier Stage Exploration Royalties&rdquo; was obtained solely from the public disclosures of the property owners and operators and without independent verification.

## About Abitibi Royalties

Abitibi Royalties owns various royalty interests at the Canadian Malartic Mine near Val-d&rsquo;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, monthly dividend, share buyback program and limited number of shares (approximately 12.5 million).

For additional information, please contact:

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## Forward Looking Statements:

This news release contains certain statements that may be deemed &ldquo;forward-looking statements&rdquo;. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words &ldquo;expects&rdquo;, &ldquo;plans&rdquo;, &ldquo;anticipates&rdquo;, &ldquo;believes&rdquo;, &ldquo;intends&rdquo;, &ldquo;estimates&rdquo;, &ldquo;projects&rdquo;, &ldquo;potential&rdquo; and similar expressions, or that events or conditions &ldquo;will&rdquo;, &ldquo;would&rdquo;, &ldquo;may&rdquo;, &ldquo;could&rdquo; or &ldquo;should&rdquo; 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&rsquo;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&rsquo;s beliefs, estimates or opinions, or other factors, should change.

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Figure 1. Abitibi Royalties&rsquo; Canadian Malartic Royalties

Figure 2. Abitibi Royalties - Revillard Royalty Location

Figure 3. Abitibi Royalties - New Alger Royalty Location

Figure 4. Abitibi Royalties&rsquo; NSRs in Red Lake District

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