

Abitibi Royalties Q4 2020 Royalty Payment & Cash Generation

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Val-d'Or, Jan 18, 2021 - [Abitibi Royalties Inc.](#) (TSXV: RZZ) (OTC: ATBYF) ("Abitibi Royalties" or the "Company") announce its Q4-2020 royalty payment from the Canadian Malartic Mine, located near Val-d'Or, Quebec, total cash generated during the quarter and update on the Company's securities portfolio. The Company is unique among its peers due to its strong treasury, no debt, monthly dividend, share buyback program and limited number of shares (less than 12.5 million).

Q4-2020 Royalty Payment & Cash Generation

During Q4-2020, the Company generated total cash of approximately CDN\$4.8 million, with approximately CDN\$0.4 million coming from royalties on the open pit portion contained within the Company's 3% NSR at the Canadian Malartic Mine. Royalties from the open pit portion of the Canadian Malartic Mine commenced at the end of Q4-2018 (the Company's core underground royalties at Canadian Malartic are not in production). The Canadian Malartic Mine is the largest gold mine in Canada and is operated by [Agnico Eagle Mines Ltd.](#) ("Agnico Eagle") and [Yamana Gold Inc.](#) ("Yamana"). The remainder of the cash generated during the quarter came from option premiums (CDN\$0.7 million), dividends (CDN\$0.2 million) and taxable capital gains from equity investments in Agnico Eagle/Yamana (CDN\$3.0 million) and non-core equity investments (CDN\$0.4 million).

The Company has approximately 12,471,810 issued shares, with no warrants, stock options or other forms of share-based compensation outstanding. As of January 17, 2021 the Company's treasury of cash and marketable securities totalled approximately CDN\$64.8 million.

Securities Portfolio Update

In December 2020 and January 2021, Abitibi Royalties delivered 81,000 shares of Agnico Eagle and 1,693,300 shares of Yamana that were in-the-money under its covered call contracts and that expired on Jan 15, 2021, for gross proceeds of approximately CDN\$14.9 million. No out-of-the-money call options that expired on January 15, 2021 were exercised or call option contracts that expired at a later date. The Company intends to use the proceeds in a disciplined manner that will include the continuation of building the royalty portfolio in areas where management has prior working experience, particularly within the Abitibi region. For a detailed overview of the type of royalties the Company will focus on and how it intends to grow the business, please see our annual Shareholders Letter that can be read [here](#).

The Company may also consider entering into put option contracts to reacquire the delivered shares of Agnico Eagle and Yamana should the purchases occur below the price that the shares were sold and also providing additional returns of capital to shareholders.

Shareholder Rights Plan Expiry

Abitibi Royalties announces that the Shareholder Rights Plan Agreement dated February 2, 2011 (the "Rights Plan") between the Company and the rights agent, Computershare Investor Services Inc. will expire on February 2, 2021. The Rights Plan was adopted by the shareholders at the annual and special meeting of shareholders held on June 30, 2011. The Rights Plan was designed to address the concern that existing Canadian securities legislation at the time did not provide sufficient time for shareholders to properly consider and respond to a take-over offer. Management determined that renewing the Rights Plan was no longer necessary given recent amendments to the take-over bid provisions contained in Canadian securities legislation.

1. Non-IFRS Measure: The Company has calculated the measure "cash generation" as royalties earned in

the quarter and cash received from option premiums and dividends. This is a non- IFRS measure as IFRS requires 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.

2. For more information on the Company's investments, dividends, covered call and put contracts, please see the Company's Q3-2020 MD&A and Q3-2020 Financial Statements, which can be found on the Company's website www.abitibiroyalties.com.

3. Investment values calculated based on closing prices and certain share price limits due to call option contracts.

About Abitibi Royalties

Abitibi Royalties owns various royalties 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 and generating mineral projects for option or sale. The Company is unique among its peers due to its strong treasury, no debt, monthly dividend, share buyback program and limited number of shares.

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", "could" 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.

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