Abitibi Royalties Inc.: Royalty & Corporate Update

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Val-d'Or, Feb 16, 2021 - Abitibi Royalties Inc. (TSXV: RZZ) (OTC: ATBYF) ("Abitibi Royalties" or the "Company") is pleased to provide an update on its various royalties, including its net smelter royalties (NSR's) at the Canadian Malartic Mine, Canada's largest gold mine, near Val-d'Or, Québec. The Company is unique among its peers due to its strong treasury, no debt, monthly dividend, share buyback program and limited shares outstanding (less than 12.5 million shares).

ROYALTY & CORPORATE HIGHLIGHTS

- Agnico Eagle and Yamana have approved the construction of the Odyssey underground project at Canadian Malartic. This represents the next phase in mining at Canada's largest gold mine, which will continue to be a key economic driver in Québec's Abitibi District for decades to come.
- Optioned Bullfrog South and Upper Red Lake for cash, shares, work commitments and royalties. Three projects now are under option. The Company will evaluate paying the cash generated from the Project Generator Division to shareholders through additional dividend increases.
- Acquired the HEES Project near Barrick Gold's Hemlo Mine, with the intention of optioning the project and retaining a royalty.
- Two new royalties acquired: Authier North Lithium and the Perrigo Red Lake royalty for cash.
- Exploration drilling by project operators to commence in Q1-2021 on multiple early stage royalties.
- Cash generated in Q4-2020 totalled approximately CDN$4.8 million. Treasury reached approximately CDN$64.8 million. The Company remains debt free.
- Monthly dividend increased by 20% to CDN$0.015 per share (CDN$0.18 annually), which started January 2021. This represents a 50% increase from Q1-2020.

Royalties at Canadian Malartic Mine

The Canadian Malartic Mine, where Abitibi Royalties owns various NSR's and a net profit interest ("NPI"), is jointly operated by Agnico Eagle Mines Ltd. ("Agnico Eagle") and Yamana Gold Inc. ("Yamana"). Abitibi Royalties' NSR's cover portions of East Malartic (3% NSR), Odyssey (3% NSR), Jeffrey (3% NSR), Barnat (3% NSR) and the Gouldie 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 & 2).

Odyssey Underground Project Construction Approved

Agnico Eagle and Yamana announced a positive construction decision for the Odyssey underground project at the Canadian Malartic Mine. The decision confirms the Odyssey Project as the next phase in the evolution of mining at Canadian Malartic. The Odyssey Project is expected to be one of the most modernized electric underground mines. All major mobile production equipment will be electrically powered, which will greatly reduce the carbon footprint at what is expected to be the largest underground gold mine in Canada.

In December 2020, ramp development was started on the Odyssey Project in order to facilitate underground conversion drilling in 2021 and provide access to the Odyssey and the East Malartic deposits. At year-end 2020, the ramp had progressed 102 metres, and an additional 2,850 metres of development is planned in 2021, of which 1,500 metres is in the ramp. The technical study outlines a mine life extension to at least 2039. Significant potential exists to extend the mine life well beyond 2039, with several opportunities under

evaluation.

Production via the ramp is expected to begin at Odyssey South in late 2023. Collaring of the shaft and installation of the headframe is expected to commence in the Q2-2021, with shaft sinking activities expected to begin in late 2022. The shaft will have an estimated depth of 1,800 metres.

The project is expected to mine 19,000 tonnes per day ("tpd") of ore and 5,000 tpd of waste from the underground from four different mining zones as shown below. The shallow mineralized zones located above 600 metres below surface will be mined using a ramp from surface. The deeper mineralized zones below 600 metres from surface will be mined with a production shaft.

- East Gouldie - 12,500 tpd
  - Stope production starts in 2027;
  - Three-year ramp up (2027-2029);
  - Full stope production in 2030 to 2038.
- Odyssey North - 3,500 tpd
  - Stope production starts in 2030;
  - Full stope production in 2031-2038.
- Odyssey South and East Malartic - 3,500 and 3,200 tpd, respectively
  - Odyssey South stope production starts in 2023;
  - Odyssey South full stope production in 2024 to 2027 (3,500 tpd);
  - East Malartic stope production starts in 2028;
  - East Malartic full stope production in 2030 to 2039 (3,200 tpd).

Capital expenditures by the mine operators from 2021 to 2028 are expected to total approximately USD$1.34 billion, which includes USD$1.144 million in initial capital expenditures and USD$191 million in additional growth capital expenditures. Yamana stated that capital requirements in any given year are expected to be manageable and fully funded using cash on hand and free cash flow generation.

For the purpose of the technical study, mineable stope shapes were generated using a gold price of USD$1,250 per ounce, consistent with the price used for estimating Canadian Malartic open pit mineral reserves. Mineral resources at East Malartic below 600 metres and the Odyssey Jupiter (Internal) Zones are not currently included in the initial technical study. These areas were excluded from the preliminary study due to the current lack of drill density. These represent two opportunities to significantly extend the mine life past 2039, including the growth potential of East Gouldie at depth. The preliminary mining concept is based on a sublevel open stoping mining method with paste backfill. Longitudinal retreat and transverse primary-secondary mining methods will also be used dependent on mineralization geometry and stope design criteria. An NI 43-101 technical report for the Canadian Malartic operation is expected to be filed in March 2021 and will include a summary of the Odyssey underground project.

Odyssey Underground Permitting

Permits for Odyssey North and South were granted in 2020 to allow the first phase of the project to begin. At this time, the Certificate of Authorization ("CofA") for the shaft has not yet been obtained and the CofA for the waste rock management requires modification.

A request for a decree amendment, including permits to develop the East Gouldie and East Malartic zones was to be sent to the Quebec "Ministère de l'Environnement et de la Lutte contre les changements climatiques" on February 12, 2021. The Partnership has received confirmation that mining the additional zones at the project does not trigger additional Federal permitting requirements.

Canadian Malartic Exploration

The Canadian Malartic Mine is budgeting approximately USD$4 million to test for possible extensions of the East Gouldie Zone. The East Gouldie mineralization remains open for expansion, especially at depth to the east. 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.

Reserves and Resources

The operators of the Canadian Malartic Mine issued new resource estimates for Canadian Malartic Mine, including the underground (as of year-end 2020) on February 11, 2021. The Company anticipates receiving an updated reserve and resource estimate for areas covered by its royalties, including a three year production forecast (2021-2023) in late Q1 or early Q2-2021 based on the updated estimates above. For additional information pertaining to the Technical Study issued by Agnico Eagle and Yamana, please see their respective news releases dated February 11, 2021 and the subsequent NI 43-101 report that will be filed on SEDAR in March. For the portion of the reserve and resource covered by Abitibi Royalties' NSR's as of December 31, 2019, please see the Company's news release dated March 23, 2020.

Two New Royalties Acquired in Q1-2021

1) Authier North Lithium Royalty & Perrigo Royalties Acquired

During Q1-2021, the Company acquired two new early stage royalties. The first is a 1% NSR and 15% of any proceeds from a sale or joint venture on the Authier North Lithium property for approximately CDN$16,500. These mineral claims adjoin Sayona Mining Limited ("Sayona Mining") Authier Lithium project in Québec, located approximately 40 kilometers north of Malartic. Sayona Mining is currently permitting the project for production. The Authier lithium deposit remains open in all directions, including at depth, towards Abitibi Royalties 1% NSR (Fig. 3).

The second royalty is a 1.25% NSR (0.25% can be repurchased for CDN$250,000) on the Perrigo project located in Ontario's Red Lake district (Fig. 4). The purchase price was CDN$8,300.

Exploration Underway On Multiple Early Stage Royalties

1) Red Lake Project (Ontario - 1% NSR)

The Company holds various NSR interests located near Evolution Mining's Red Lake Mine and adjacent to Pure Gold Mining's recently commissioned mine and Great Bear Resources' Dixie Project in Red Lake, Ontario. On January 6, 2020, Pacton Gold Inc. ("Pacton") announced that it had started a Phase 1, 10,000 metre drill program at its Red Lake Project, where Abitibi Royalties' 1% NSR covers many of the key target areas. Phase 2 will include analyzing the 2020 geophysics and sampling data (expected in Q1-2021) and commencing a property-wide surface exploration program with particular focus on anomalies identified by the surveys. Phase 3 would include follow up drilling based on new target development and the results of Phase 1 drilling.

2) White Horse Project (Ontario - 2% NSR - 15% Sale Proceeds)

On February 2, 2021, Frontline Gold Corporation ("Frontline") announced it is evaluating plans to start an inaugural exploration program at the Whitehorse Project in the spring of 2021. The property is situated between Evolution Mining (56% interest)/Premier Gold's (44%) Rahill-Bonanza Gold Property to the northeast and Premier Gold's Hasaga Gold property to the southwest. Whitehorse has undergone exploration since 1937 mostly confined to underground development (139 metre shaft and two levels with 690 metre of lateral development) and diamond drilling of the historic Orlac gold deposit. Please see Table 1 for historical drill results highlights.

Table 1. Historical Drill Highlights Whitehorse Project (Orlac Deposit)

Hole Number	From (metres)	To (metres)	Width (metres)	Gold (gpt)
NBZ-88-10	6.0	32.0	26.0	4.53

NBZ-88-12	6.7	14.5	7.8	5.14
NBZ-88-16	24.8	36.3	11.5	5.97
NBZ-88-25	51.3	68.5	17.2	4.70
NBZ-88-34	84.5	93.3	8.8	4.90
NBZ-88-45	38.9	42.5	3.6	5.18
NBZ-88-49	53.3	81.7	28.4	3.32
NBZ-89-67	68.9	82.9	20.0	3.53
NBZ-89-68	34.4	40.1	5.7	7.60
NBZ-89-69	71.9	83.0	11.1	2.47
NBZ-89-77	75.0	85.0	10.0	4.33
RLS-04-01	67.0	114.0	47.0	2.35
RLS-04-06	76.0	85.0	9.0	2.20

3) Menderes Project (Turkey - 3% NSR)

On January 14, 2021, Frontline announced it would be undertaking a drill program from 1,000 metres to 1,500 metres for three to four drill hole locations at the Menderes project in Turkey this February. Abitibi Royalties holds a 3% NSR on the Menderes project, which adjoins Eldorado Gold Corporation's ("Eldorado") Efemçukuru mine on three sides. The Efemçukuru mine produced 103,767 ounces of gold in 2020.

Project Generator Division

As part of the Company's strategy to expand its royalty holdings through organic growth, Abitibi Royalties has set up a Project Generator Division with the view of selling or optioning mineral projects while retaining a royalty. The initiative is designed to generate a competitive return on capital, expand the Company's royalty holdings, while employing a limited amount of working capital. The Company will evaluate paying the cash generated from the Project Generator Division to shareholders through additional dividend increases.

1. Bullfrog South Project (Nevada)

The Company has recently optioned the Bullfrog South Project to Augusta Gold Inc. ("Augusta") that adjoins the former producing Bullfrog Mine (that was formerly operated by Barrick Gold Corporation) ("Barrick") to the south that produced approximately 2.3 million ounces of gold between 1989-1999. Augusta may earn a 100% interest in the project for an aggregate amount of CDN $150,000 payable in cash or common shares over a period of two years. If Augusta exercises the option, Abitibi Royalties will be granted a 2% net smelter royalty ("NSR") on the optioned property, with Augusta retaining an option to purchase 0.5% of the NSR. Abitibi Royalties acquired the Bullfrog South Project in 2020 through claim staking.

2. Upper Red Lake (Ontario)

In Q1-2021, Abitibi Royalties signed an option agreement with Xplore Resources Corp. ("Xplore") on the Upper Red Lake Project (Fig. 5). The Upper Red Lake Project adjoins Prosper Gold Corp. ("Prosper Gold") to the west, which contains the historic Bathurst Mine and is located in close proximity to Great Bear Resources Ltd. ("Great Bear") newly acquired Red Lake North Project. Xplore may earn a 100% interest in the project by completing the following:

Execution of LOI: Issue to Abitibi Royalties CDN$62,500 in common shares of Xplore based on the daily volume weighted average (the "VWAP") price of Xplore's shares for the 14 day period preceding the execution of the LOI.

First Anniversary: Issue to Abitibi Royalties CDN$125,000 in common shares of Xplore based on the VWAP price of Xplore's shares for the 14 day period preceding the execution of the anniversary date.

Second Anniversary: Issue to Abitibi Royalties CDN$150,000 in common shares of Xplore based on the VWAP price of Xplore's shares for the 14 day period preceding the execution of the anniversary date.

On completing the share issuance obligations, Abitibi Royalties will be granted a 1.5% NSR on the Upper Red Lake Project. Xplore has also agreed to complete sufficient exploration work on the property to maintain the project in good standing during the time of the option agreement.

3. HEES Project (Ontario - 100% Owned)

Abitibi Royalties has acquired the HEES Project for CDN$76,100 and a 0.5% NSR (Fig. 6). The HEES Project is located east of the Hemlo Mine and the Hemlo East earn-in area between Barrick and MetalCorp Limited ("MetalCorp"). It is the Company's intention to option or sell the project, while retaining a royalty interest.

Q4-2020 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 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 12,471,310 issued shares, with no warrants, stock options or other forms of share-based compensation outstanding. The Company's treasury of cash and marketable securities totalled approximately CDN$64.8 million (news release January 18, 2021).

20% Dividend Increase to CDN$$0.18 Per Share Annually (CDN$0.015 Per Share Monthly)

The Company's board of directors approved a 20% dividend increase to the Company's outstanding common shares from CDN$0.15 to CDN$0.18 per common share on an annualized basis (CDN$0.015 per common share on a monthly basis) that started in January 2021.

The remaining dividend payments for Q1-2021 are shown in Table 2 below.

Table 2. Remaining Q1-2021 Monthly Dividend Payments

Record Date	Payment Date	Payment Amount ($CDN)
February 5, 2021	February 26, 2021	$0.015 per share
March 5, 2021	March 31, 2021	$0.015 per share

The March 2021 payment will represent the 15th dividend payment made to shareholders since the Company's adoption of a dividend policy in September 2019. The full amount of the dividends will be designated as an "eligible dividend" as defined in the Income Tax Act (Canada).

Technical Information

For additional information pertaining to the Technical Study issued by Agnico Eagle and Yamana, please see their respective news releases dated February 11, 2021 and the subsequent NI 43-101 report that will be filed on SEDAR in March. Additionally, the Company can make no assurances that all or any of the planned Pacton exploration drilling will occur on the areas where Abitibi Royalties holds a royalty. Also, the Company has not verified the information regarding sampling, analytical methods or test data for the Whitehorse Project. The resource estimate disclosed on Fig.4 is from the public disclosure of First Mining Gold Corp. Assay results shown on Fig. 5 are from public disclosures of Prosper Gold Corp.

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.

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) 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 headings "Two New Royalties Acquired in Q1-2021", "Exploration Underway On Multiple Early Stage Royalties" and "Project Generator Division", including associated figures, was obtained solely from the public disclosures and without independent verification.

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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Fig. 1
Plan View Map - Royalties at Canadian Malartic Mine

Fig. 2
Longitudinal Section Map (Looking North) - Royalties at Canadian Malartic Mine

Fig. 3
Authier North Lithium Royalty (1% NSR - 15% Sale Proceeds)

Fig. 4
Perrigo Project Royalty (1.25% NSR/0.25% Can Be Purchased CDN$250,000)

Fig. 5
Upper Red Lake Project - Optioned to Xplore Resources

Fig. 6
HEES Project Near Barrick's Hemlo Mine (100% Owned)

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