

# Altius Reports Annual Attributable Royalty Revenue of \$67.5M And Adjusted Operating Cash Flow of \$1.14 Per Share

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[Altius Minerals Corp.](#) (TSX: ALS; OTCQX: ATUSF) ("Altius" or the "Corporation") reports attributable royalty revenue<sup>(1)</sup> of \$67.5 million (\$1.62 per share<sup>(1)</sup>) for the year ended December 31, 2020 which was down 14% from royalty revenue of \$78.1 million (\$1.83 per share) reported in 2019.

Q4 2020 attributable royalty revenue was \$21.9 million, up 26% from its year ago comparable period and a new quarterly record.

Adjusted EBITDA<sup>(1)</sup> for the year was \$53.0 million or \$1.27 per share, down 15% from Adjusted EBITDA of \$62.6 million (\$1.46 per share<sup>(1)</sup>) in 2019. The adjusted EBITDA margin for the year was 78%, down slightly from 80% in 2019, consistent with lower total royalty revenue.

Quarterly adjusted EBITDA of \$17.6 million was up 29% from its year ago comparable period of \$13.6 million.

Adjusted operating cash flow of \$47.5 million or \$1.14 per share increased by 8% over 2019 despite the lower annual revenue, reflecting reduced general and administrative expenses, lower Chapada stream cost of sales and the timing of corporate tax instalment payments.

Q4 adjusted operating cash flow of \$13.5 million was up 43% from the \$9.4 million generated in Q4 2019.

Adjusted net earnings of \$14.6 million or \$0.35 per share<sup>(1)</sup> compare to \$23.4 million or \$0.55 per share in 2019, with the main adjusting items for 2020 being non-cash based carrying value adjustments.

Adjusted earnings of \$7.4 million in Q4 2020 or \$0.18 per share compares to \$5.0 million or \$0.12 per share in Q4 2019.

The full table reconciling adjusted net earnings per share to net earnings per share is included below.

The project generation business contributed \$6.7 million during the year from the sale of equity positions (net of cash reinvestments). These net proceeds are not included in the adjusted operating cash flow amount reported above as these are classified under "Investing Activities" within the Corporation's consolidated statement of cash flows.

## Capital Allocation Summary

The Corporation's capital allocation priorities are linked to its strategy of creating per share value growth through a portfolio of assets that relate to long life, high margin operations while providing growing shareholder capital returns.

The strategy is further defined by an investment focus towards several major sustainability-related global macro trends including the electricity generation transition from fossil fuel to renewables, transportation electrification, reduced emissions from steel making and increasing agricultural yield requirements. These trends hold the potential to cause demand surges for many of Altius's commodity exposures including

copper, renewable based electricity, several key battery metals (lithium, nickel and cobalt), low-impurity iron ore, and potash.

The main use of cash in 2020 was a \$67.6 million investment in renewable royalties through then private subsidiary Altius Renewable Royalties Corp. ("ARR"). Subsequent to year end, ARR completed a \$100,100,000 initial public offering of common shares and on February 26, 2021 commenced trading on the TSX under the symbol "ARR". The proceeds from the IPO will be used by ARR to fund additional renewable energy royalty focused investments.

The Corporation made scheduled debt repayments of \$20 million in 2020 and paid cash dividends of \$7.9 million to its common shareholders and \$5.0 million in distributions to its preferred security holder. The Corporation also repurchased 644,400 shares at a cost of approximately \$6.1 million compared to 802,000 shares repurchased at a cost of approximately \$9.3 million in the prior year. It ended the year with 41,477,653 shares outstanding for a 1% decrease relative to year end 2019.

## Outlook and Guidance

The Corporation has decided to revise its guidance practice from revenue based to production volume-based summaries of the disclosable information it gains from its underlying operators. We will no longer be including a price realization component to our estimates going forward as these are inherently volatile and therefore introduce unreliability to revenue based estimating. A table that summarizes the production outlook is available as part of the Q4 2020 conference call presentation on the website at [www.altiusminerals.com](http://www.altiusminerals.com).

## Portfolio Performance

Base metals (copper, nickel, zinc and cobalt) revenue accounted for 40% of total revenue (37% 2019).

Chapada revenue was 13% lower than 2019 revenue due to lower volumes, partially due to an electrical system failure in September that reduced milling capacity, but which has since been repaired. Despite a sudden decline in realized copper prices in the first half of the year, prices recovered in the second half and full year realized copper prices were slightly higher than in 2019.

Revenue from the 777 mine was 10% higher year over year reflecting improved average copper prices and the mining of high-grade copper stopes in the fourth quarter, which partially offset the lower volumes that resulted from a suspension of production after an equipment failure within the production shaft in October.

Voisey's Bay royalties were down 19% from last year, as the mine was placed on care and maintenance for much of the Q2 to Q3 period as a result of COVID-19 related precautionary measures. When production resumed it coincided with a period of improved nickel prices.

First royalty revenue from the Gunnison in-situ leach copper operation owned by [Excelsior Mining Corp.](#) ("Excelsior") was originally expected in 2020 but was delayed due to COVID-19 precautionary measures and a slower than expected startup. Excelsior announced it had produced first copper cathode production on December 21, 2020. It subsequently announced that a total of 90,000 pounds of copper cathode were sold and that it expected to reach Phase I nameplate capacity rate of 25 million pounds per annum sometime in 2021. Altius holds a 1.625% gross sales royalty on the Gunnison copper project.

Potash royalty revenue accounted for 22% of total royalty revenue (21% in 2019).

For the year ended December 31, 2020, revenues were down 12% as compared to 2019 on lower annual average realized pricing. Fertilizer markets strengthened sharply in the fourth quarter of and global prices have continued to move upwards in the new year to recently approach a multi-year high. Volumes were up 3.7% year over year, although Q4 volumes were lower than the prior two quarters of the year due to annual maintenance at Rocanville.

Iron ore royalty revenue accounted for 13% of total royalty revenue in 2020 (20% in 2019).

Dividends received from [Labrador Iron Ore Royalty Corp.](#) ("LIORC"), which serves as a pass-through vehicle for royalties and equity dividends received from the operations of the Iron Ore Company of Canada, totaled \$3.05 per LIORC share, as compared to \$4.00 in 2019. The decrease in total revenue received reflects both the lower dividend and a reduction in the Corporation's shareholding level relative to 2019.

Thermal coal royalty revenue accounted for 20% of total royalty revenue in 2020 (16% in 2019) largely owing to an increased interest in LP based royalty ownership. The acquisition of additional royalty partnership units from Liberty Metals & Mining Holdings LLC announced on July 27, 2020 for a net cost of \$9.0 million resulted in incremental revenue during 2020 of \$4.0 million.

The following tables summarize the financial results and attributable revenue for the years ended December 31, 2020, 2019 and 2018:

In Thousands of Canadian Dollars, except per share amounts	Year Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
<b>Revenue</b>			
Attributable royalty	\$ 67,502	\$ 78,105	\$ 67,047
Project generation	-	99	1,353
Attributable revenue <sup>(1)</sup>	67,502	78,204	68,400
Adjust: joint venture revenue	(7,445 )	(16,979 )	(19,165 )
IFRS revenue per consolidated financial statements	60,057	61,225	49,235
Total assets	\$ 589,610	\$ 566,874	\$ 558,981
Total liabilities	205,785	166,913	174,720
Dividends declared & paid to shareholders	8,318	8,117	6,899
Adjusted EBITDA (1)	52,820	62,568	52,990
Adjusted operating cash flow (1)	47,456	44,077	34,721
Net earnings (loss)	(26,213 )	18,338	1,938
Attributable revenue per share (1)	\$ 1.62	\$ 1.83	\$ 1.58
Adjusted EBITDA per share (1)	1.27	1.46	1.23
Adjusted operating cash flow per share (1)	1.14	1.03	0.80
Net earnings (loss) per share, basic and diluted	(0.65 )	0.41	0.03

(1) See non-IFRS measures section for definition and reconciliation

In Thousands of Canadian Dollars	Three months ended		Variance	Year ended	
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019
<b>Summary of attributable royalty revenue</b>					
<b>Revenue</b>					
<b>Base metals</b>					
777 Mine	\$ 1,894	\$ 2,425	\$(531 )	\$ 10,592	\$ 9,800
Chapada	4,538	3,753	785	15,257	17,000
Voisey's Bay	358	337	21	1,012	1,000
<b>Metallurgical Coal</b>					
<b>Cheviot</b>					











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## Thermal (Electrical) Coal

Genesee	2,890	1,746	1,144	7,510	5,
Paintearth	-	196	(196 )	75	61
Sheerness	3,384	1,258	2,126	5,679	5,
Highvale	35	327	(292 )	432	1,
Potash					
Cory	328	219	109	1,107	1,
Rocanville	1,617	1,811	(194 )	8,780	10
Allan	133	69	64	638	59
Patience Lake	146	140	6	444	41
Esterhazy	745	642	103	3,515	3,
Vanscoy	47	18	29	90	15
Lanigan	6	5	1	24	18
Iron ore <sup>(1)</sup>	5,173	3,971	1,202	8,765	15
Other					
Renewables	126	76	50	1,203	48
Coal bed methane	140	178	(38 )	425	49
Interest and investment	134	18	116	342	76
Attributable royalty revenue	\$ 21,959	\$ 17,497	\$ 4,462	\$ 67,502	\$ 78

See non-IFRS measures section of this MD&A for definition and reconciliation of attributable revenue

<sup>(1)</sup>LJORC dividends received

## Notes

1. Attributable revenue, adjusted EBITDA and adjusted operating cash flow (and respective per share amounts) are intended to provide additional information only and do not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these measures differently. The attributable revenue, adjusted EBITDA and adjusted operating cash flow per share metrics divide the respective values by the basic weighted average number of shares outstanding during the period. For a reconciliation of these measures to various IFRS measures, please see the Corporation's MD&A which is available at <http://altiusminerals.com/financial-statements>.
2. Adjusted earnings and respective per share amounts are intended to provide additional information only and do not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these measures differently. The calculations used for the adjusted earnings per share are as follows:

In Thousands of Canadian Dollars, except per share amounts	Three months ended		Year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Adjusted Earnings per Share				
Reported earnings (loss) per share	\$ 0.30	\$ 0.21	\$ (0.65 )	\$ 0.41
Adjusted for:				
Equity investments and joint ventures	(0.02 )	0.02	0.01	0.03
Impairments				

0.01





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Derivatives and foreign exchange	(0.06 )	-	(0.10 )	(0.06
Gain on disposition of royalty interest	-	(0.07 )	-	(0.07
Gain on disposition of mineral property	(0.05 )	-	(0.05 )	-
Tax adjustments	-	(0.04 )	0.03	(0.06
Adjusted earnings per share	\$ 0.18	\$ 0.12	\$ 0.35	\$ 0.50

Additional information on the Corporation's results of operations and developments in its Project Generation division are included in the Corporation's MD&A and Financial Statements which were filed on SEDAR today and are also available on the Corporation's website at [www.altiusminerals.com](http://www.altiusminerals.com).

#### Liquidity and Dividend Declaration

Cash at December 31, 2020 was \$21.8 million and the value of publicly traded Project Generation business equity holdings was \$52.2 million. The Corporation's outstanding debt decreased to \$133.0 million at year end, with approximately \$41.0 million available under the revolving facility.

The Corporation advises that its board of directors has declared a cash dividend of five cents per common share payable to all shareholders of record at the close of business on March 19, 2021.

The dividend is expected to be paid on or about March 31, 2021. This dividend is eligible for payment in common shares under the Dividend Reinvestment Plan (DRIP) announced by press release May 20, 2020, and available to shareholders who are Canadian residents or residents of countries outside the United States. In order to be eligible to participate in respect of the March 31, 2021 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by March 12, 2021, five business days prior to record date. Stock market purchases made under the DRIP for the March 31, 2021 payment will be satisfied by issuance from treasury at a 5% discount to the 5 day volume weighted average price ending at the close of trading the day before payment date. Shareholders who have already provided instruction to be enrolled earlier this year will continue to be enrolled unless they direct otherwise. For more information, please see <http://www.altiusminerals.com/dividend-reinvestment-plan>. Participation in the DRIP is optional and will not impact any cash dividends payable to shareholders who do not elect to participate in the DRIP. The declaration, timing and payment of future dividends will largely depend on the Corporation's financial results as well as other factors. Dividends paid by Altius on its common shares are eligible dividends for Canadian income tax purposes unless otherwise stated.

#### Fourth Quarter and Year end 2020 Financial Results Conference Call and Webcast Details

Additional details relating to individual royalty performances and asset level developments will be provided with the release of full financial results, which will occur on March 10, 2021 after the close of market, with a conference call to follow on March 11, 2021.

Date: March 11, 2021

Time: 9:00 AM EST

Toll Free Dial-In Number: +1(866) 521-4909

International Dial-In Number: +1(647) 427-2311

Conference Call Title and ID: Altius Q4 and Year End 2020 Financial Results; ID - 5162939

Webcast Link: Altius Q4 and Year End 2020 Financial Results

#### About Altius

Altius's strategy is to create per share growth through a diversified portfolio of royalty assets that relate to long life, high margin operations. This strategy further provides shareholders with exposures that are well aligned with sustainability-related global growth trends including the electricity generation transition from

fossil fuel to renewables, transportation electrification, reduced emissions from steelmaking and increasing agricultural yield requirements. These macro-trends each hold the potential to cause increased demand for many of Altius's commodity exposures including copper, renewable based electricity, several key battery metals (lithium, nickel and cobalt), clean iron ore, and potash. In addition, Altius runs a successful Project Generation business that originates mineral projects for sale to developers in exchange for equity positions and royalties. Altius has 41,477,653 common shares issued and outstanding that are listed on Canada's Toronto Stock Exchange. It is a member of both the S&P/TSX Small Cap and S&P/TSX Global Mining Indices.

#### Forward-looking information

This news release contains forward-looking information. The statements are based on reasonable assumptions and expectations of management and Altius provides no assurance that actual events will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Although Altius 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 developments may differ materially from those projected. Readers should not place undue reliance on forward-looking information. Altius does not undertake to update any forward-looking information contained herein except in accordance with securities regulation.

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#### Altius Reports Record Quarterly Revenue in Q4, and Full Year Results

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