

# Abitibi Royalties Q1-2021 Royalty and Corporate Update

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Val-d'Or, May 3, 2021 - [Abitibi Royalties Inc.](#) (TSXV: RZZ) (OTC: ATBYF) ("Abitibi Royalties" or the "Company") is pleased to provide its Q1-2021 corporate update on its net smelter royalties (NSRs) at the Canadian Malartic Mine, Canada's largest gold mine, near Val-d'Or, Quebec. The Company is unique among its peers due to its strong treasury, no debt, monthly dividend, share buyback program and limited number of shares outstanding.

## Royalties at 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 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) Barnat Open Pit Production

The mine operators stated that throughout 2021 the mine will continue its transition from the Malartic pit to the Barnat pit where commercial production was declared on September 30, 2020. Abitibi Royalties holds a 3% NSR on the eastern portion of the Barnat pit (Fig. 1) which is expected to be the main source of royalty revenue during 2021-2023 for the Company at Canadian Malartic. Please see the Company's news release dated April 5, 2021 for the Company's 3-year royalty production schedule.

### 2) Canadian Malartic Underground Development Update

In Q1-2021, Agnico Eagle and Yamana announced a positive construction decision of the Odyssey Underground Project at the Canadian Malartic Mine. Construction of surface infrastructure and the portal in preparation for development of the ramp started in Q3-2020.

During Q4-2020, construction of the mine office and surface facilities was completed in order to support the development and further advance the exploration ramp into Odyssey and East Malartic. The exploration ramp is designed to mine their respective upper zones and provide further exploration access to allow tighter drill spacing and further define the mineral resource base. Approximately 362 linear metres of development were completed in Q1-2021, reaching a depth of 74 metres below surface, which is according to plan. Development of the exploration ramp is anticipated to take approximately two years to complete, with the first drilling platform to be established in Q3-2021. The budget for the ramp is USD\$23.4 million for 2021. These activities are coincident with headframe construction and shaft sinking. Construction on the headframe foundation is expected to start in Q2-2021.

The operators have stated that the project requires modest capital in any given year that is manageable and fully funded using Canadian Malartic's cash on hand and free cash flow generation, and no external funding is required.

### 2) Canadian Malartic Exploration Update

The drilling from surface at the Rand Malartic Property (Fig. 1) has led to the identification of the potential

extension of the East Gouldie Zone, which encountered a wide gold-mineralized intercept 1,150 metres from the eastern limit of the East Gouldie mineral resources at a depth of 1,993 metres below surface. Although this intercept is not located on the Company's royalty interest, it opens up the deep exploration potential to the east within the Pontiac Sediments, which lies south of the Cadillac-Larder Lake deformation zone. The Company holds 1.5% NSR on the Midway Project (Fig. 1) (1% can be repurchased for USD\$1 million) that contained one of the largest mines in the Malartic region. The Midway Project operated from 1939-1965 to a depth of 800 metres below surface. The Midway Project adjoins Rand Malartic to the east and contains similar geology. This is in addition to the Company's 15% NPI on the Radium-Nord Property, located west of the Canadian Malartic open pit. Exploration drilling also suggests 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.

To view the reserve and resource estimate pertaining to Abitibi Royalties' NSR interests at the Canadian Malartic Mine (as of December 31, 2020), please see the Company's news release dated April 5, 2021.

#### Other Corporate Activity

##### 1) Q1-2021 Royalty Payment & Cash Generation

During Q1-2021, the Company's cash generation<sup>1</sup> totaled approximately CDN\$8.3 million, with approximately CDN\$0.2 million coming from 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 East Malartic and Odyssey are not in production). The remainder of Company's cash generation during the quarter came from options premiums (CDN\$0.9 million), dividends (CDN\$0.2 million), and capital gains from equity investments in Agnico Eagle/Yamana (CDN\$7.0 million)<sup>2</sup>.

The Company has 12,462,610 shares outstanding and also on a fully diluted basis. As last reported on April 16, 2021, the Company's treasury of cash and marketable securities totaled approximately CDN\$52.9 million<sup>3</sup>.

##### 2) Q2-2021 Dividend Payments to Shareholders

On December 7, 2020, the Company's board of directors approved a 20% dividend increase from CDN\$0.15 to CDN\$0.18 per common share on an annualized basis (CDN\$0.015 monthly). The monthly dividend payments for Q2-2021 are shown in Table 1 below. The June 2021 payment will represent the 18<sup>th</sup> 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).

Table 1. Q2-2021 Dividend Schedule

Record Date	Payment Date	Payment Amount (\$CDN)
April 6, 2021	April 30, 2021 (Paid)	\$0.015
May 6, 2021	May 31, 2021	\$0.015
June 4, 2021	June 30, 2021	\$0.015

#### About Abitibi Royalties

Abitibi Royalties owns various royalties at the Canadian Malartic Mine near Val-d'Or Quebec. In addition, the Company is building a portfolio of royalties on early stage properties near producing mines and generating mineral projects for sale or option. The Company is unique among its peers due to its strong treasury, no debt, monthly dividend, share buyback program and limited number of shares outstanding.

#### QUALIFIED PERSON

Mr. 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 and without independent verification and is responsible for the technical information reported herein.

1. Non-IFRS Measure: The Company has calculated the measure "cash generation" as royalties earned in the quarter and cash received from option premiums, dividends and capital gains. 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 Q4-2020 MD&A and Q4-2020 Financial Statements, which can be found on the Company's website: [www.abitibiroyalties.com](http://www.abitibiroyalties.com).

3. Investment values calculated based on closing prices and certain share price limits due to call option contracts as of April 16, 2021.

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 Royalties at the Canadian Malartic Region - Plan Map

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