

Altius Reports Q1 2023 Attributable Royalty Revenue of \$21.4M and Adjusted Earnings (1,2) of \$3.4M

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[Altius Minerals Corp.](#) (TSX: ALS; OTCQX: ATUSF) ("Altius" or the "Corporation") reports first quarter revenue of \$22.7 million compared to \$27.1 million for the same period in 2022, while attributable royalty revenue^(1,2) of \$21.4 million (\$0.45 per share^(1,2)) compares to \$25.5 million (\$0.62 per share) reported in 2022. In addition, the Project Generation segment recognized revenue of \$2.8 million during the current quarter relating to the liquidation of assets of [Alderon Iron Ore Corp.](#)

Brian Dalton, CEO commented, "First quarter revenues were largely in line with our expectations across the portfolio given the scheduled closure of the 777 mine last year, copper delivery and sales timing variances at Chapada and slightly lower average commodity prices. The first quarter was particularly notable for the number of potential option value realization signals that were delivered from across the broader long-term royalty portfolio."

Quarterly Highlights

- Capacity expansion investment projects continued at potash royalty mines.
- Lithium Royalty Corp. ("LRC") completed a successful IPO that daylights significant value creation for Altius shareholders; asset advancement progress continues to ramp-up.
- First directly held lithium royalty interest reaches production subsequent to quarter end.
- Maiden resource published for high-grade Saúva discovery at Chapada with mineralization noted to remain open in most directions - Saúva now being considered as part of district level production expansion studies by Lundin.
- ARR continues growth of operational asset count and revenue.
- Higher level of growth and sustainability investment continued at Rio Tinto controlled IOC iron ore mine.
- Preliminary results from Kami metallurgical studies indicate potential for production of high-purity (DRI pellet feed) iron ore concentrate grades.
- Resource increases announced from emerging Silicon gold district in Nevada and strong ongoing exploration potential signaled by AngloGold Ashanti.
- Approximately 300 km of exploration drilling programs expected to be completed across portfolio in 2023.

Adjusted EBITDA^(1,2) of \$19.1 million or \$0.40 per share^(1,2) during Q1 2023 compares to \$23.6 million or \$0.57 per share during the prior year quarter. The per share difference includes the impact of the common share issuances related to the 2022 exercise of share purchase warrants by affiliates of Fairfax Financial Holdings as it became the largest shareholder of the Corporation (approximately 14% ownership). The adjusted EBITDA margin in the first quarter was 79% versus 83% in last year's comparable quarter. The Mineral Royalties segment had an EBITDA margin of 86% for both the current and prior year quarters.

Q1 2023 adjusted operating cash flow^(1,2) of \$4.5 million or \$0.09 per share^(1,2) compares to \$14.2 million or \$0.35 per share in last year's comparable quarter. The decrease period over period is largely reflective of higher taxes and interest paid as well as lower royalty revenues. Adjusted operating cash flow does not include net cash proceeds or acquisition costs (sales minus new investments) related to the Corporation's Project Generation segment.

Net earnings of \$5.5 million or \$0.11 per share for Q1 2023 compares to net earnings of \$12.5 million or \$0.29 per share in Q1 2022. Adjusted net earnings per share^(1,2) of \$0.07 in the current quarter compares to adjusted net earnings per share of \$0.21 per share in Q1 2022. The main adjusting items in the first quarter of this year are \$2.8 million in non-recurring other income related to the Alderon distribution referenced above (\$0.06 per share), impairment of exploration and evaluation assets of \$0.6 million (\$0.01 per share) as well as other adjustments for unrealized losses on derivatives related to the revaluation of share purchase

warrants on junior mining equities, foreign exchange, and gains on disposal of mineral properties. Q1 2022 also included adjustments for non-recurring investment income relating to Chile.

In Thousands of Canadian Dollars	Three months ended	
Adjusted Net Earnings	March 31, 2023	March 31, 2022
Net earnings attributable to common	\$ 5,061	\$ 12,088
Addback (deduct):		
Unrealized loss on fair value adjustment of derivatives	213	313
Foreign exchange gain	(247)	(539)
Non-recurring other income	(2,820)	(2,879)
Exploration and evaluation assets abandoned or impaired	590	-
Gain on disposal of mineral property	(107)	(996)
Tax impact	750	841
Adjusted net earnings	\$ 3,440	\$ 8,828
Adjusted net earnings per share	\$ 0.07	\$ 0.21

Portfolio Performance

The following table summarizes the attributable royalty revenue:

Summary of attributable royalty revenue (in thousands of Canadian dollars)	Q1 2023	Q4 2022	Q1 2022
Base and battery metals	\$ 4,869	\$ 4,702	\$ 9,960
Potash	9,032	9,816	9,903
Iron ore ⁽¹⁾	1,870	2,618	1,437
Thermal (electrical) coal	3,002	3,774	3,113
Renewable energy	1,345	1,171	772
Other	1,275	1,041	307
Attributable royalty revenue	\$ 21,393	\$ 23,122	\$ 25,492

See non-GAAP financial measures section of our MD&A for definition and reconciliation of attributable royalty revenue

⁽¹⁾ [Labrador Iron Ore Royalty Corp.](#) dividends received

Base and battery metals contributed \$4.9 million to revenue compared to \$10.0 million in Q1 2022. Revenue decreased compared to the first quarter of 2022 after the scheduled closure of the 777 mine in Q2 of 2022 and from lower revenue from Chapada. Chapada sales in Q1 2022 benefited from the timing of delivery and sales related to prior period production amounts.

Lundin Mining Corp ("Lundin") continues to expand its new Saúva copper-gold deposit discovery, located 15 kilometers north of the Chapada Mine, and on lands encompassed by our copper stream interest. Lundin has reported a maiden resource for Saúva, which indicates notably higher copper grades than those being mined at Chapada presently. It also highlighted continuing strong resource growth potential for Saúva while commenting that the discovery is now being evaluated within the context of its ongoing broader Chapada expansion studies.

Royalty revenue from the Voisey's Bay nickel-copper-cobalt mine was lower than that of the first quarter of

2022 as lower production volumes were only partly offset by higher realized prices. Underground mining continues to ramp up from the new Reid Brook mine, while development of the Eastern Deeps mine approaches completion. Exploration efforts also continued to indicate the potential for mine life extensions, particularly beneath the currently defined resource areas at Reid Brook where long intervals of high-grade nickel and copper mineralization are being encountered.

During the quarter, LRC, of which Altius is a co-founding investor, completed an initial public offering to raise gross proceeds of approximately \$150 million. Following the offering the Corporation indirectly holds 9.55% of LRC with an estimated net fair value at quarter end of \$77 million. Altius expects to receive a combination of cash and shares over the next 24 months as described in LRC's prospectus. On May 1, 2023 Altius received \$8.9 million from LRC as a return of capital distribution to the pre-IPO shareholders of LRC. During the quarter the Corporation recognized unrealized gains of \$55,977,000 related to its holding of LRC.

In addition, Altius holds minority partnership-based interests in each of LRC's Groto do Cirilo (commenced production subsequent to quarter end), Tres Quebradas and Mariana (both of which are expected to complete construction and begin operations later this year or early next year) project royalties. These will collectively add three new operating stage mines to the Corporation's portfolio and introduce its first ever royalty revenue related to lithium production.

Potash royalty revenue of \$9.0 million in Q1 2023 decreased from the comparable quarter last year when revenue of \$9.9 million was reported reflecting lower average realized prices and similar attributable portfolio production volumes. Price reconciliation adjustments of \$2.2 million which relate to 2022 sales have been recorded in the first quarter of 2023 and compares to similar adjustments of \$0.9 million that were recorded in second quarter of 2022 relating to 2021 production.

Our Canadian based potash mine operators continue to make capital investments to increase production capacity to address the current, and likely future, global supply deficits that partly result from sanctions and logistical constraints in Belarus and Russia. Nutrien has indicated plans to increase its potash volumes from approximately 15 million tonnes to 18 million tonnes annually by 2026, while Mosaic is increasing production capacity at Esterhazy by approximately one million tonnes through current debottlenecking investments.

Iron ore royalty revenue of \$1.9 million was received in Q1 2023 compared to \$1.4 million in the first quarter of 2022. The increase related to a higher share ownership level while both the current and comparable period quarters were impacted by increased levels of sustaining and growth capital investments that limited Iron Ore Company of Canada ("IOC") equity dividends. These capital investment levels are expected to continue to impact near term dividend distributions from IOC while enhancing reliability and production levels in the medium and longer term.

Champion Iron is expected to announce the results of an updated feasibility study for the Kami project later in 2023, which is located near its Bloom Lake Mine and is subject to a 3% GSR royalty in favor of Altius. It noted during the quarter that preliminary metallurgical results indicate potential for the production of DR pellet feed quality concentrates, which are projected to meet with increasing demand as the global steelmaking sector transitions towards electric arc furnace based (no coal input requirements) manufacturing processes.

Thermal coal royalty revenue of \$3.0 million was received in Q1 2023 compared to \$3.1 million during the first quarter of last year reflecting lower attributable production volumes at the Genesee Mine that were offset by a higher inflation-linked royalty rate. The operator of the Genesee power plant continues to invest in a conversion to natural gas-based fuelling and plans to bring an end to coal usage by the end of the year.

Altius Renewable Royalties Inc. ("ARR") (ARR: TSX) released its Q1 2023 results on May 5, 2023. The Corporation holds 58% of the common shares of ARR. ARR reported increased Q1 2023 attributable royalty revenue of US\$1.0 million relating to its 50% joint venture interest in Great Bay Renewables ("GBR"). The increase reflects recently acquired operating stage royalties as well as the commencement of operations at two previously acquired development stage projects. The GBR joint venture reiterated its guidance of US\$11.5 million to US\$13.5 million for 2023. ARR also indicated that it continues to advance a strong pipeline of new royalty investment opportunities which could potentially further augment its growth profile. Further details regarding ARR and its activities can be found in the ARR MD&A and financial statements.

Silicon Gold

AngloGold Ashanti Limited ("AGA") continues to advance the discovery of a potential major new gold district, centered around its Silicon Project located near Beatty, Nevada. On February 22, 2023 AGA reported an increased and higher-confidence mineral resource estimate for the Silicon deposit of 4.22 million ounces ("Moz") of gold (3.4 Moz as Indicated and 0.8 Moz as Inferred) and further mineral resource estimates totaling 4.18 Moz from 3 nearby deposits within the district (North Bullfrog - 1.19 Moz measured and indicated and 0.36 Moz inferred; Motherlode - 1.55 Moz indicated and 0.17 Moz inferred; and Sterling - 0.91 Moz inferred). It also reported that it will evaluate the Merlin deposit discovery on an integrated basis with Silicon, as part of a combined pre-feasibility study, with further results expected in 2023. No resource estimate has yet been reported for Merlin, however it was recently publicly described by AGA as the "real gem" in its Nevada portfolio.

The Corporation also recently initiated arbitration proceedings in British Columbia, as per mechanisms prescribed in its Silicon royalty agreement, to resolve differences in interpretation that have arisen with respect to the extent of lands within the Silicon district that are subject to its royalty rights.

Liquidity and Capital Allocation Summary

Cash and cash equivalents at March 31, 2023 were \$76.8 million, compared to \$82.4 million at the end of 2022. Cash, excluding \$65.7 million held by ARR, was \$11.2 million. Subsequent to quarter end Altius received a distribution of \$8.9 million from LRC as a return of capital distribution to the pre-IPO shareholders of LRC and as further described in its prospectus filings.

At quarter end the approximate market value of various public equity holdings included:

- \$165.3 million for shares of ARR (including the in-the-money value of share purchase warrants)
- \$119.7 million for shares of [Labrador Iron Ore Royalty Corp.](#)
- \$77 million for shares of LRC
- \$51.8 million for publicly traded shares held within the Project Generation equity portfolio

During the quarter, the Corporation made scheduled debt repayments of \$2.0 million and paid cash dividends of \$3.6 million. There were no shares repurchased under its normal course issuer bid during the first quarter of 2023. At quarter end the Corporation carried a balance of \$38.0 million under its fixed rate term debt facility and \$81.8 million under its floating rate revolving credit facilities.

Dividend Declaration

The Corporation's board of directors has declared a quarterly dividend of \$0.08 per share. The current quarterly dividend is payable to all shareholders of record at the close of business on June 15, 2023. The dividend is expected to be paid on or about June 30, 2023.

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 June 30, 2023 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by June 8, 2023, five business days prior to record date. Stock market purchases made under the DRIP for the June 30, 2023 payment will be satisfied by issuance from treasury at 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.

Non GAAP Financial Measures

1. Management uses the following non-GAAP financial measures: attributable revenue, attributable royalty revenue, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), adjusted operating cash flow and adjusted net earnings (loss).
2. Management uses these measures to monitor the financial performance of the Corporation and its operating segments and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the non-GAAP financial measures section of our MD&A.

First Quarter 2023 Financial Results Conference Call and Webcast Details

Date: May 9, 2023

Time: 9:30 AM ET

Toll Free Dial-In Number: +1(888) 396-8049

International Dial-In Number: +1(416) 764-8646

Conference Call Title and ID: Altius Q1 2023 Results, ID 50613738

Webcast Link: Q1 2023 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 47,634,571 common shares issued and outstanding that are listed on Canada's Toronto Stock Exchange. It is included in each of the S&P/TSX Small Cap, the S&P/TSX Global Mining, and the S&P/TSX Canadian Dividend Aristocrats 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 regulations.

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