

# Altius Reports Q2 2023 Attributable Royalty Revenue of \$18.7M and Adjusted Earnings (1,2) of \$2.7M

08.08.2023 | [Business Wire](#)

[Altius Minerals Corp.](#) (TSX: ALS; OTCQX: ATUSF) ("Altius" or the "Corporation") reports second quarter revenue of \$17.3 million compared to \$27.4 million for the same period in 2022, while attributable royalty revenue<sup>(1,2)</sup> of \$18.7 million (\$0.39 per share<sup>(1,2)</sup>) compares to \$28.6 million (\$0.61 per share) reported in 2022.

Brian Dalton, CEO commented, "Second quarter revenues primarily reflect lower realized prices on a year over year basis but also the scheduled closure of the 777 mine during the year. We continue to believe that most prices remain below those required to incentivize growth investment and to offset projected market deficits over coming periods. The highlight from within our royalty portfolio related to the release by AngloGold Ashanti of an exploration target estimate of 6-8 million ounces of gold from the Merlin deposit that is located adjacent to the south of the Silicon Deposit, for which a resource estimate of more than 4 million ounces was published earlier this year."

## Quarterly Highlights

- AngloGold Ashanti ("AGA") on August 4<sup>th</sup> provided an update on the rebranded 'Expanded Silicon Project', which now includes both the Silicon and Merlin gold deposits. AGA has stated an exploration target for Merlin of 6 to 8 million ounces, with a grade-tonnage range estimate of 230-250 million tonnes of 0.8 to 1.0 grams/tonne gold. An initial Inferred Mineral Resource estimate and Concept Study for the known mineralization is expected in H2 2023. Merlin is located adjacent to the south of the Silicon Deposit for which a more than 4 million ounce inferred resource estimate was published by AGA earlier this year. It also announced that it expects to complete a pre-feasibility study by year end that considers both Silicon and Merlin and that will include 'synergies from the increased economy of scale and integrated infrastructure, with potential for large scale mining'. Altius holds a 1.5% NSR royalty related to the project.
- Lithium Royalty Corp. ("LRC") distributed \$8.9 million to the Corporation as a return of capital to its pre-IPO shareholders.
- ARR Q2 royalty revenue of \$1.3 million was up 72% from the same quarter last year, as a result of continued renewable royalty portfolio growth.
- Nutrien has lowered potash production guidance for this year, following the temporary curtailment of production at Cory and Rocanville due to the strike at the Port of Vancouver. Nutrien also announced that it will pause its potash portfolio production expansion program in light of market conditions and capital allocation prioritization decisions.
- Mosaic announced an increase in total nameplate capacity to 7.8 million tons at the Esterhazy potash mine, which compares to 6 million tons in 2022. Further debottlenecking at Esterhazy is expected to add an additional 400kt of capacity.
- Lundin Mining continued an aggressive delineation and expansion drilling program at the Săuva copper discovery within the Chapada district and commented that it expects the work to result in increasing resource estimates in coming periods.
- Champion Iron continued to work towards completion of an updated feasibility study for the Kami iron ore project located in Western Labrador, which is targeting production of direct reduction grade pellet feed. Altius holds a 3% gross sales royalty on the Kami project.

Adjusted EBITDA<sup>(1,2)</sup> of \$13.7 million or \$0.29 per share<sup>(1,2)</sup> during Q2 2023 compares to \$24.4 million or \$0.52 per share during the prior year quarter. The adjusted EBITDA margin in the second quarter was 73% versus 85% in last year's comparable quarter owing to the lower revenue. The Mineral Royalties segment had an EBITDA margin of 81% and 90% for the current and prior year quarters, respectively.

Q2 2023 adjusted operating cash flow<sup>(1,2)</sup> of \$14.1 million or \$0.30 per share<sup>(1,2)</sup> compares to \$16.6 million or \$0.35 per share in last year's comparable quarter. The decrease is largely reflective of higher taxes and

interest paid as well as lower royalty revenues.

Net earnings of \$3.3 million or \$0.06 per share for Q2 2023 compares to net earnings of \$8.7 million or \$0.18 per share in Q2 2022. Adjusted net earnings per share<sup>(1,2)</sup> of \$0.06 in the current quarter compares to adjusted net earnings per share of \$0.23 per share in Q2 2022. The main adjusting items in the second quarter of this year are unrealized losses on derivatives related to the revaluation of share purchase warrants on junior mining equities, realized gains on the disposal of such share purchase warrants, foreign exchange, and gains on disposal of mineral properties.

In Thousands of Canadian Dollars	Three months ended	
Adjusted Net Earnings	June 30, 2023	June 30, 2022
Net earnings attributable to common	\$ 3,078	\$ 8,213
Addback (deduct):		
Unrealized loss on fair value adjustment of derivatives	738	1,920
Foreign exchange (gain) loss	(565 )	1,071
Realized gain on disposal of derivatives	(365 )	-
Gain on disposal of mineral property	(161 )	-
Tax impact	-	(617 )
Adjusted net earnings	\$ 2,725	\$ 10,587
Adjusted net earnings per share	\$ 0.06	\$ 0.23

#### Portfolio Performance

The following table summarizes the attributable royalty revenue:

Summary of attributable royalty revenue (in thousands of Canadian dollars)	Q2 2023	Q1 2023	Q2 2022
Base and battery metals	\$ 4,834	\$ 4,869	\$ 8,315
Potash	6,081	9,032	11,450
Iron ore <sup>(1)</sup>	2,431	1,870	2,871
Thermal (electrical) coal	2,626	3,002	4,520
Renewable energy	1,310	1,345	763
Other	1,416	1,275	703
Attributable royalty revenue	\$ 18,698	\$ 21,393	\$ 28,627

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

<sup>(1)</sup> [Labrador Iron Ore Royalty Corp.](#) dividends received

Base and battery metals contributed \$4.8 million to revenue compared to \$8.3 million in Q2 2022. Revenue decreased compared to the second quarter of 2022 after the scheduled closure of the 777 mine in Q2 of 2022, partially offset by higher revenue and volumes from Chapada.

At Voisey's Bay production was impacted by longer than anticipated annual maintenance at the Long Harbour processing facility.

On May 1, 2023 Altius received \$8.9 million from LRC as a return of capital distribution to its pre-IPO

shareholders. Altius expects to receive a combination of cash and shares over the next 24 months as described in LRC's prospectus. In the first quarter of 2023 LRC, of which Altius is a co-founding investor, completed an initial public offering to raise \$150 million. The Corporation indirectly holds a 9.55% interest in LRC.

In addition, Altius holds minority partnership-based interests in each of LRC's Grota do Cirilo (commenced production during the quarter), Tres Quebradas and Mariana royalties (both of which are expected to complete construction and begin operations later this year or early next year). 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 \$6.1 million in Q2 2023 decreased from \$11.5 million reported during the comparable quarter last year reflecting lower average realized prices and price reconciliation adjustments of \$0.9 million that were recorded in the second quarter of 2022 relating to 2021 production.

Iron ore royalty revenue, in the form of dividends received from [Labrador Iron Ore Royalty Corp.](#) ("LIORC"), of \$2.4 million was received in Q2 2023 compared to \$2.9 million in the second quarter of 2022. The decrease related to higher levels of sustaining and growth capital investments that limited Iron Ore Company of Canada ("IOC") equity dividends, partially offset by a higher LIORC share ownership level. 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 \$2.6 million was received in Q2 2023 compared to \$4.5 million during the second 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 early next year.

Altius Renewable Royalties Inc. ("ARR") (ARR: TSX) released its Q2 2023 results on August 1, 2023 ARR Q2 2023 Results. The Corporation holds 58% of the common shares of ARR. ARR reported increased Q2 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. Electricity prices in the first half of 2023 have been lower due to a mild winter and lower competing natural gas prices, however prices have increased in recent weeks due to warmer summer weather and increased power demand in certain of the markets in which the GBR joint venture has operating stage royalty interests. 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.

#### Liquidity and Capital Allocation Summary

Cash and cash equivalents at June 30, 2023 were \$79.3 million, compared to \$82.4 million at the end of 2022. Cash, excluding \$54.5 million held by ARR, was \$24.8 million.

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

- \$173.3 million for shares of ARR (including the in-the-money value of share purchase warrants)
- \$116.2 million for shares of LIORC
- \$55.6 million for the value of the investment in LRC
- \$41.8 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. The Corporation also expended \$2.1 million during the period in the repurchase and cancellation of 98,100 shares under its Normal Course Issuer Bid. At quarter end the Corporation carried a balance of \$36 million under its fixed rate term debt facility and \$80.7 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 August 31, 2023. The dividend is expected to be paid on or about September 15, 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 September 15, 2023 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by September 8, 2023, five business days prior to record date. Stock market purchases made under the DRIP for the September 15, 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.

#### Second Quarter 2023 Financial Results Conference Call and Webcast Details

Date: August 9, 2023

Time: 9:00 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 Minerals Q2 2023 Financial Results, ID 46475901

Webcast Link: Q2 2023 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 47,497,343 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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<https://www.rohstoff-welt.de/news/450285--Altius-Reports-Q2-2023-Attributable-Royalty-Revenue-of-18.7M-and-Adjusted-Earnings-12-of-2.7M.html>

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