Altius

Altius Minerals Corporation

Condensed Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(unaudited)

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited, In Thousands of Canadian Dollars	Note	As at March 31, 2021	As at December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	12 & 14	$ 111,896	$ 21,804
Accounts receivable and prepaid expenses		11,161	11,884
Income tax receivable		1,500	954
Loan receivable	5	2,625	1,000
		$ 127,182	$ 35,642
Non-current assets			
Interests in joint ventures	4	101,876	95,904
Royalty and streaming interests	7	268,626	273,102
Investments	6	164,426	145,021
Exploration and evaluation assets		14,708	14,366
Goodwill		6,031	6,031
Deferred tax assets	8	8,003	8,517
Investment in associates	5	10,150	9,929
Property and equipment		1,036	1,098
		$ 574,856	$ 553,968
TOTAL ASSETS		$ 702,038	$ 589,610
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		7,114	6,852
Current portion of long-term debt	9	20,000	20,000
Income tax payable		1,895	4,681
		$ 29,009	$ 31,533
Non-current liabilities			
Long-term debt	9	107,554	112,967
Other liability		970	1,001
Deferred tax liabilities	8	63,311	58,975
Derivative - cash flow swap	9	1,060	1,309
		$ 172,895	$ 174,252
TOTAL LIABILITIES		$ 201,904	$ 205,785
EQUITY			
Shareholders' equity		410,319	362,877
Non-controlling interest	14	89,815	20,948
		$ 500,134	$ 383,825
TOTAL LIABILITIES AND EQUITY		$ 702,038	$ 589,610

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

Unaudited, In Thousands of Canadian Dollars, except per share amounts	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
Revenue and other income	10	$ 17,502	$ 13,049
Costs and Expenses			
General and administrative	10	1,902	2,025
Cost of sales - copper stream		1,021	1,326
Share-based compensation		716	486
Generative exploration		8	139
Exploration and evaluation assets abandoned or impaired		-	70
Mineral rights and leases		30	42
Amortization and depletion		4,824	3,915
Earnings before the following:		$ 9,001	$ 5,046
(Loss) earnings from joint ventures	4	(133)	1,638
Interest on long-term debt		(1,817)	(1,899)
Foreign exchange gain (loss)		629	(971)
Dilution gain on issuance of shares by a joint venture	4	358	-
Unrealized gain (loss) on fair value adjustment of derivatives		4,224	(829)
Share of earnings (loss) and impairment reversal in associates	5	1,426	(4,004)
Earnings (loss) before income taxes		$ 13,688	$ (1,019)
Income taxes (current and deferred)	8	1,884	2,148
Net earnings (loss)		$ 11,804	$ (3,167)
Net earnings (loss) attributable to:			
Common shareholders		11,663	(3,546)
Non-controlling interest		141	379
		$ 11,804	$ (3,167)
Net earnings (loss) per share			
Basic and diluted	11	$ 0.28	$ (0.08)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

Unaudited, In Thousands of Canadian Dollars	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
Net earnings (loss)		$ 11,804	$ (3,167)
Other comprehensive earnings (loss)			
To be reclassified subsequently to profit or loss			
Foreign currency translation adjustment			
Gross amount		(1,391)	3,259
Net amount		$ (1,391)	$ 3,259
Net unrealized gain (loss) on fair value adjustment of cash flow swap	9		
Gross amount		234	(1,204)
Tax effect		(54)	277
Net amount		$ 180	$ (927)
To not be reclassified subsequently to profit or loss			
Net unrealized gain (loss) on investments	6		
Gross amount		11,597	(36,465)
Tax effect		(1,673)	4,533
Net amount		$ 9,924	$ (31,932)
Net unrealized gain on investments held in joint venture	4		
Gross amount		7,080	-
Tax effect		(2,028)	-
Net amount		$ 5,052	$ -
Realized gain (loss) on investments	6	3,915	$ (5,105)
Tax effect		(587)	554
Net amount		$ 3,328	$ (4,551)
Other comprehensive earnings (loss)		$ 17,093	$ (34,151)
Total comprehensive earnings (loss)		$ 28,897	$ (37,318)
Total comprehensive earnings (loss) attributable to:			
Common shareholders		26,890	(37,697)
Non-controlling interest		2,007	379
		$ 28,897	$ (37,318)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, In Thousands of Canadian Dollars	Note	Three months ended March 31, 2021	Three months ended March 30, 2020
Operating activities			
Net earnings (loss)		$ 11,804	$ (3,167)
Adjustments for operating activities	12	(3,904)	11,064
		$ 7,900	$ 7,897
Changes in non-cash operating working capital	12	640	1,270
		$ 8,540	$ 9,167
Financing activities			
Proceeds from long-term debt	9	-	47,326
Repayment of long-term debt	9	(5,000)	(5,000)
Lease payments		(42)	(42)
Proceeds from exercise of warrants	11	5,600	-
Proceeds from IPO of subsidiary (net of isssuance costs of $8,084)	14	92,016	-
(Payments) receipt from non-controlling interest	14	(400)	433
Preferred securities distribution		(1,260)	(1,260)
Repurchase of common shares	11	(7,363)	(2,643)
Dividends paid		(1,925)	(2,090)
		$ 81,626	$ 36,724
Investing activities			
Proceeds from sale of investments		6,938	16,033
Cash received from joint ventures	4	270	4,061
Generative exploration		(8)	(37)
Exploration and evaluation assets, net of recoveries		(341)	(1,232)
Acquisition of royalty interests	7	(296)	(2)
Acquisition of investments	5 & 6	(6,645)	(54,774)
Proceeds (acquisition) of property and equipment		8	(17)
		$ (74)	$ (35,968)
Net increase in cash and cash equivalents		90,092	9,923
Cash and cash equivalents, beginning of period		21,804	22,128
Cash and cash equivalents, end of period		$ 111,896	$ 32,051

Supplemental cash flow information (Note 12)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

In Thousands of Canadian Dollars	Common Shares		Preferred Securities		Other Equity Reserves	Accumulated Other Comprehensive Earnings (loss)	Retained Earnings (Deficit)	Total Shareholders' Equity	Non-controlling interest	Total Equity
	Number	Amount	Number	Amount	(Note 11)					
Balance, January 1, 2020	42,059,796	$ 262,653	10,000,000	$ 57,061	$ 21,410	$ 34,020	$ 10,061	$ 385,205	$ 14,756	399,961
Net (loss) earnings and comprehensive (loss) earnings, January 1 to March 31, 2020	-	-	-	-	-	(34,151)	(3,546)	(37,697)	379	(37,318)
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(216)	(216)
Receipts from non-controlling interests	-	-	-	-	-	-	-	-	319	319
Shares repurchased and cancelled	(255,600)	(1,596)	-	-	-	-	(1,047)	(2,643)	-	(2,643)
Preferred securities distribution	-	-	-	-	-	-	(1,260)	(1,260)	-	(1,260)
Dividends paid to common shareholders	-	-	-	-	-	-	(2,090)	(2,090)	-	(2,090)
Share-based compensation	-	-	-	-	486	-	-	486	-	486
Balance, March 31, 2020	41,804,196	$ 261,057	10,000,000	$ 57,061	$ 21,896	$ (131)	$ 2,118	$ 342,001	$ 15,238	$ 357,239
Net (loss) earnings and comprehensive earnings, April 1 to December 31, 2020	-	-	-	-	-	53,913	(23,315)	30,598	269	30,867
Payments to non-controlling interest	-	-	-	-	-	-	-	-	(874)	(874)
Receipts from non-controlling interests	-	-	-	-	-	-	303	303	4,695	4,998
Non-controlling interest of Coal Royalty and Genesee Royalty Limited Partnership Acquisitions	-	-	-	-	-	-	-	-	1,013	1,013
Shares issued by subsidiary under services agreement	-	-	-	-	-	-	-	-	607	607
Shares repurchased and cancelled	(388,800)	(2,428)	-	-	-	-	(1,019)	(3,447)	-	(3,447)
Preferred securities distribution	-	-	-	-	-	-	(3,754)	(3,754)	-	(3,754)
Dividends paid to common shareholders	-	-	-	-	-	-	(6,228)	(6,228)	-	(6,228)
Shares issued under dividend reinvestment plan	41,719	437	-	-	-	-	-	437	-	437
Share-based compensation	-	-	-	-	3,498	-	-	3,498	-	3,498
Cash settled RSUs	-	-	-	-	(209)	-	-	(209)	-	(209)
Shares issued under long-term incentive plan	20,538	236	-	-	(558)	-	-	(322)	-	(322)
Balance, December 31, 2020	41,477,653	$ 259,302	$ 10,000,000	$ 57,061	$ 24,627	$ 53,782	$ (31,895)	$ 362,877	$ 20,948	$ 383,825
Net earnings and comprehensive earnings, January 1 to March 31, 2021	-	-	-	-	-	15,227	11,663	26,890	2,007	28,897
Payments to non-controlling interest (Note 14)	-	-	-	-	-	-	-	-	(400)	(400)
Transactions with non-controlling interests (Note 14)	-	-	-	-	-	-	24,756	24,756	67,260	92,016
Proceeds from exercise of warrants (Note 11)	400,000	5,600	-	-	-	-	-	5,600	-	5,600
Shares repurchased and cancelled (Note 11)	(473,400)	(2,959)	-	-	-	-	(4,404)	(7,363)	-	(7,363)
Preferred securities distribution	-	-	-	-	-	-	(1,232)	(1,232)	-	(1,232)
Dividends paid to common shareholders	-	-	-	-	-	-	(2,074)	(2,074)	-	(2,074)
Shares issued under dividend reinvestment plan	10,992	149	-	-	-	-	-	149	-	149
Share-based compensation	-	-	-	-	716	-	-	716	-	716
Balance, March 31, 2021	41,415,245	$ 262,092	10,000,000	$ 57,061	$ 25,343	$ 69,009	$ (3,186)	$ 410,319	$ 89,815	$ 500,134

See accompanying notes to the Consolidated Financial Statements

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Altius Minerals Corporation ("Altius" or the "Corporation") is a mineral royalty/streaming, renewable energy royalty and mineral project generation company. The Corporation's diversified mineral royalties and streams generate revenue from 12 operating mines located in Canada (10), the United States (1) and Brazil (1) that produce copper, zinc, nickel, cobalt, potash, iron ore and thermal (electrical) coal. The Corporation further holds a diversified portfolio of pre-production stage royalties and junior equity positions that it originates through mineral exploration initiatives within a business division referred to as Project Generation. The Corporation also indirectly invests in and holds royalties related to renewable energy generation projects located primarily in the United States through its investment in a joint venture.

Altius is a publicly traded company, incorporated and domiciled in Canada. The head office of the Corporation is located at 2nd Floor, 38 Duffy Place, St. John's, Newfoundland and Labrador A1B 4M5. Its registered office is located at 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 11, 2021.

2. BASIS OF PRESENATION

These condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements have been prepared on an historical cost basis, except for derivative assets and liabilities, and financial assets classified at fair value through profit or loss or fair value through other comprehensive income. Additionally, these condensed consolidated financial statements have been prepared using accrual basis accounting. All amounts are expressed in Canadian dollars, unless otherwise stated. Tabular amounts are presented in thousands of Canadian dollars with the exception of per share amounts.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND PRONOUNCEMENTS

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2020.

The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020.

4. INTERESTS IN JOINT VENTURES

In Thousands of Canadian Dollars	LNRLP	Prairie Royalties LP	GBR, LLC	Total
Balance, December 31, 2019	$ 5,408	$ 81,473	$ -	$ 86,881
Earnings (loss)	484	2,825	(356)	2,953
Cash receipts	(746)	(9,591)	-	(10,337)
Acquisition of control of Coal Royalty and Genesee Royalty Limited Partnership	-	(73,732)	-	(73,732)
Investment in joint venture on loss of control of subsidiary	-	-	91,552	91,552
Other comprehensive earnings - unrealized gains on investments	-	-	1,912	1,912
Other comprehensive earnings - Foreign currency translation adjustment	-	-	(2,640)	(2,640)
Dilution gain	-	-	290	290
Reclassification of acquisition costs	-	(975)	-	(975)
Balance, December 31, 2020	$ 5,146	$ -	$ 90,758	$ 95,904
Earnings (loss)	421	-	(554)	(133)
Cash receipts	(270)	-	-	(270)
Other comprehensive earnings - unrealized gains on investments	-	-	7,080	7,080
Other comprehensive earnings - Foreign currency translation adjustment	-	-	(1,063)	(1,063)
Dilution gain	-	-	358	358
Balance, March 31, 2021	$ 5,297	$ -	$ 96,579	$ 101,876

On March 1, 2021 the Corporation announced the creation of a first royalty to its jointly controlled entity, GBR, under its portfolio based royalty financing with Apex Clean Energy ("Apex"). GBR is entitled to receive a 2.5% royalty on the 190 MW Jayhawk Wind project in Crawford and Bourbon Counties, Kansas.

On October 11, 2020, the Corporation, through a newly created subsidiary Altius GBR Holdings, entered into a strategic relationship with certain funds (the "Apollo Funds") managed by affiliates of Apollo Global Management, Inc. ("Apollo") to accelerate the growth of its innovative renewable energy royalty business. Under the agreement structure the Apollo Funds will have the right to solely fund the next $80 million in approved investment opportunities in GBR in exchange for a 50% ownership in the GBR joint venture in Delaware, USA, with opportunities thereafter funded equally by the Apollo Funds and the Corporation with an equally shared governance structure. The GBR joint venture owns 100% of GBR, LLC. The capital of the GBR is divided into Class A Units issued to Altius GBR Holdings and Apollo and Class B Units issued to management of GBR. The Class B Units are not voting and carry no approval or consent rights other than certain actions disproportionately affecting the Class B Units. As at March 31, 2021 the Corporation's interest in GBR was diluted to 86% (December 31, 2020 – 89%) as a result of US$3,000,000 in additional funding by Apollo and a dilution gain of $358,000 was recorded in the consolidated statement of earnings (loss).

Effective October 11, 2020, the Corporation accounted for its interest in GBR as a joint venture and equity accounts for its share of earnings or loss and its share of other comprehensive earnings or loss going forward. Prior to October 11, 2020 the Corporation consolidated the financial results of GBR for financial reporting.

5. INVESTMENTS IN ASSOCIATES

In Thousands of Canadian Dollars	Alderon	Adventus	Total
Balance, December 31, 2019	$ 1,981	$ 7,731	$ 9,712
Additions	66	-	66
Share of loss in associates	(503)	(436)	(939)
Impairment recognition in associates	(1,544)	-	(1,544)
Dilution gain on issuance of shares by associates	-	2,634	2,634
Balance, December 31, 2020	$ -	$ 9,929	$ 9,929
Additions	-	420	420
Share of loss in associates	-	(199)	(199)
Balance, March 31, 2021	$ -	$ 10,150	$ 10,150

Percentage ownership:		
At December 31, 2020	37.30%	11.90%
At March 31, 2021	37.30%	12.19%

During the quarter ended March 31, 2021, the Corporation purchased 373,800 common shares of Adventus Mining Corporation ("Adventus") at a cost of $420,000 increasing the Corporation's ownership from 11.90% at December 31, 2020 to 12.19% at March 31, 2021. The Corporation continues to have significant influence over the financial and operating policy decisions of Adventus through Board representation and therefore continues to account for this investment using the equity method.

Loan Receivable

On July 12, 2018 the Corporation participated in a US$14 million credit facility provided by Sprott Resource Lending by providing US$2,000,000 (CAD$2,625,000) to Alderon. On April 1, 2021 the Corporation received 600,000 Champion Iron Limited ("Champion") shares as consideration for the sale of its portion of secured debt of Alderon after Champion acquired the assets of Alderon through a court appointed and competitive bidding process. As a result the Corporation reversed an impairment charge on the loan receivable of CAD$1,625,000 which had been recorded during the year ended December 31, 2020.

6. INVESTMENTS

In Thousands of Canadian Dollars	Mining and other	Renewable energy	Share purchase warrants	Total
Balance, December 31, 2019	$ 132,730	$ 13,903	$ 2,410	$ 149,043
Additions	3,477	64,556	682	68,715
Reclassification to investments in traded securities	628	-	(628)	-
Receipt for interest in mineral property	4,456	-	-	4,456
Disposals	(28,669)	-	-	(28,669)
Loss of control of subsidiary	-	(78,459)	-	(78,459)
Revaluation	27,886	-	2,049	29,935
Balance, December 31, 2020	$ 140,508	$ -	$ 4,513	$ 145,021
Additions	6,607	-	-	6,607
Reclassification to investments in traded securities	(91)	-	91	-
Disposals	(3,023)	-	-	(3,023)
Revaluation	11,597	-	4,224	15,821
Balance, March 31, 2021	$ 155,598	$ -	$ 8,828	$ 164,426

As at December 31, 2020 investments include an investment in Labrador Iron Ore Royalty Corporation ("LIORC") of $106,417,000 (December 31, 2020 - $93,715,000) consisting of 2,873,800 (December 31, 2020 – 2,873,800) common shares.

7. ROYALTY AND STREAMING INTERESTS

In Thousands of Canadian Dollars	Note	As at December 31, 2020	Additions and revaluations	As at March 31, 2021
Royalty interests				
Rocanville - Potash		$ 73,595	$ -	$ 73,595
Esterhazy - Potash	a	33,204	296	33,500
Cory - Potash		19,427	-	19,427
Allan - Potash		6,367	-	6,367
Patience Lake - Potash		3,903	-	3,903
Vanscoy - Potash		5,238	-	5,238
Other potash		7,000	-	7,000
Coal & coal bed methane		8,000	-	8,000
Genesee - Coal		34,438	-	34,438
Other coal		2,744	-	2,744
777 Mine - Copper & zinc		47,356	-	47,356
Gunnison - Copper		10,300	-	10,300
Picket Mountain		7,606	-	7,606
Curipamba - Copper, gold, zinc		13,445	-	13,445
Streaming interest				
Chapada - Copper		77,634	-	77,634
Balance, end of period		$ 350,257	$ 296	$ 350,553
Accumulated amortization, depletion				
Rocanville - Potash		$ 5,277	$ 439	$ 5,716
Esterhazy - Potash		932	95	1,027
Cory - Potash		501	66	567
Allan - Potash		852	84	936
Patience Lake - Potash		69	11	80
Vanscoy - Potash		75	7	82
Other potash		16	3	19
Coal & coal bed methane		2,667	100	2,767
Genesee - Coal		2,593	1,460	4,053
Other coal		2,548	197	2,745
777 Mine - Copper & zinc		39,178	1,326	40,504
Gunnison - Copper		-	-	-
Pickett Mountain		-	-	-
Curipamba - Copper, gold, zinc		-	-	-
Streaming interest				
Chapada - Copper		22,447	984	23,431
Balance, end of period		$ 77,155	$ 4,772	$ 81,927
Net book value		$ 273,102	$ (4,476)	$ 268,626

(a) Other potash

During the three months ended March 31, 2021, the Corporation acquired additional potash royalty interests in the Esterhazy mine for $296,000.

In Thousands of Canadian Dollars	As at December 31, 2019	Additions and revaluations	As at December 31, 2020
Royalty interests			
Rocanville - Potash	$ 73,126	$ 469	$ 73,595
Esterhazy - Potash	32,969	235	33,204
Cory - Potash	18,812	615	19,427
Allan - Potash	6,317	50	6,367
Patience Lake - Potash	3,872	31	3,903
Vanscoy - Potash	5,197	41	5,238
Other potash	7,000	-	7,000
Coal & coal bed methane	8,000	-	8,000
Genesee - Coal	-	34,438	34,438
Other coal	-	2,744	2,744
777 Mine - Copper & zinc	47,356	-	47,356
Gunnison - Copper	10,300	-	10,300
Picket Mountain	7,606	-	7,606
Curipamba - Copper, gold, zinc	13,441	4	13,445
Clyde River - Hydro	3,350	(3,350)	-
Streaming interest			
Chapada - Copper	77,634	-	77,634
Balance, end of period	$ 314,980	$ 35,277	$ 350,257
Accumulated amortization, depletion			
Rocanville - Potash	$ 3,598	$ 1,679	$ 5,277
Esterhazy - Potash	598	334	932
Cory - Potash	281	220	501
Allan - Potash	498	354	852
Patience Lake - Potash	36	33	69
Vanscoy - Potash	59	16	75
Other potash	42	(26)	16
Coal & coal bed methane	2,234	433	2,667
Genesee - Coal	-	2,593	2,593
Other coal	-	2,548	2,548
777 Mine - Copper & zinc	34,101	5,077	39,178
Gunnison - Copper	-	-	-
Pickett Mountain	-	-	-
Curipamba - Copper, gold, zinc	-	-	-
Clyde River - Hydro	132	(132)	-
Streaming interest			
Chapada - Copper	17,996	4,451	22,447
Balance, end of period	$ 59,575	$ 17,580	$ 77,155
Net book value	$ 255,405	$ 17,697	$ 273,102

8. INCOME TAXES

Significant components of the deferred tax assets and liabilities are as follows:

In Thousands of Canadian Dollars	March 31, 2021	December 31, 2020
Temporary differences related to exploration and evaluation assets, property and other	$ (7,830)	$ (7,952)
Non capital and net capital loss carryforwards	5,455	5,932
Carrying value of investments in excess of tax values	(14,788)	(9,653)
Temporary differences related to preferred securities	(30,000)	(30,000)
Deferred and deductible share-based compensation and other costs	1,482	439
Share and debt issue costs	377	486
Carrying values in excess of tax values relating to royalty and streaming interests in mineral properties	(10,004)	(9,710)
	$ (55,308)	$ (50,458)

	March 31, 2021	December 31, 2020
Deferred tax liabilities	$ (63,311)	$ (58,975)
Deferred tax assets	8,003	8,517
Total deferred income tax	$ (55,308)	$ (50,458)

Components of income tax expense are as follows:

In Thousands of Canadian Dollars	Three months ended	
	March 31, 2021	March 31, 2020
Current tax	$ 1,532	$ 1,641
Deferred tax	352	507
	$ 1,884	$ 2,148

9. DEBT

In Thousands of Canadian Dollars At amortized cost	March 31, 2021	December 31, 2020
Long-term debt	$ 127,554	$ 132,967
Current	20,000	20,000
Non-current	107,554	112,967
	$ 127,554	$ 132,967

The Term Credit Facility has a five-year term and is repayable by June 2023 with quarterly principal repayments of $5,000,000 and additional repayments are permitted at any time with no penalty. The revolving facility is payable in full by June 2023 and is permitted for future qualifying royalty and streaming acquisitions. Both facilities bear interest at variable rates based on the total net debt ratio.

On March 10, 2020 the Corporation completed a drawdown on its revolving facility of $47,326,000 to complete a renewable energy investment in Apex Clean Energy. During the three months ended March 31, 2021 the Corporation repaid $5,000,000 on its term facility (March 31, 2020 - $5,000,000).

The Corporation has a floating-to-fixed interest rate swap to lock in the interest rate on a portion of the term credit facility on an amortized basis. The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly principal repayments on the term debt.

The balance outstanding on the swap at March 31, 2021 is $45,000,000 (December 31, 2020 - $50,000,000). The Corporation expected the interest rate on the fixed portion of the debt to be approximately 5.45% per annum during the full term of the loan, with the remaining balance of the term credit facility and the revolving facility fluctuating in accordance with market interest rates. The Corporation has applied hedge accounting to this relationship whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive earnings. Settlement of both the fixed and variable portions of the interest rate swap occurs on a quarterly basis. The full amount of the hedge was determined to be effective as at March 31, 2021. The Corporation has classified this financial instrument as a cash flow hedge and the fair value of the hedging instrument is recorded as a liability of $1,060,000 (December 31, 2020 - $1,309,000) on the balance sheet.

The Corporation is amortizing costs attributable to securing the credit facilities over the life of the facilities using an effective interest rate of 5.42%. During the three months ended March 31, 2021, $126,000 (March 31, 2020 - $186,000) of the costs were recognized as interest expense on long term debt in the consolidated statement of earnings (loss).

As at March 31, 2021 the Corporation was in compliance with all debt covenants. At March 31, 2021, the Corporation has approximately $42,000,000 of additional liquidity on its revolving facility.

The following principal repayments for the credit facilities are required over the next 3 calendar years.

In Thousands of Canadian Dollars		Term		Revolver		Total
2021	$	15,000		-	$	15,000
2022		20,000		-	$	20,000
2023		35,000		58,328	$	93,328
	$	70,000	$	58,328	$	128,328
		Less: unamortized debt costs				774
					$	127,554

10. REVENUE AND GENERAL AND ADMINISTRATION EXPENSES

In Thousands of Canadian Dollars	Three months ended			
Revenue and other income		March 31, 2021		March 30, 2020
Royalty	$	10,745	$	7,738
Copper stream*		3,461		4,133
Interest and investment		2,888		1,170
Other		408		8
Total revenue and other income	$	17,502	$	13,049

**Revenue from contracts with customers*

In Thousands of Canadian Dollars	Three months ended			
General and administrative expenses		March 31, 2021		March 30, 2020
Salaries and benefits	$	1,365	$	1,306
Professional and consulting fees		234		317
Office and administrative		294		276
Travel and accommodations		9		126
Total general and administrative	$	1,902	$	2,025

11. SHARE CAPITAL

Shares repurchased

The Corporation renewed its Normal Course Issuer Bid ("NCIB") effective August 22, 2020 and it will, unless further renewed, end no later than August 21, 2021. The Corporation may purchase at market prices up to 1,622,920 common shares representing approximately 3.9% of its 41,450,126 outstanding shares as of August 18, 2020. The Corporation repurchased and cancelled 473,400 (March 31, 2020 – 255,600) common shares during the three months ended March 31, 2021 at a cost of $7,363,000 (March 31, 2020 - $2,643,000).

Net earnings (loss) per share

Basic and diluted net (loss) earnings per share were calculated using the weighted average number of common shares for the respective periods.

In Thousands of Canadian Dollars	Three months ended	
	March 31, 2021	March 31, 2020
Weighted average number of shares:		
Basic	41,503,503	41,975,230
Diluted	42,282,441	41,975,230

Other equity reserves

Other equity reserves consist of share-based payment reserves of $9,316,000, warrants of $12,012,000 and contributed surplus of $4,015,000 for a total of $25,343,000. Share-based payment reserve amounts are in respect of stock options, Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs"). In addition, there are 6,670,000 warrants issued on April 26, 2017 to Fairfax Financial Holdings Ltd. ("Fairfax") at an exercise price of $15.00. During the three months ended March 31, 2021, 400,000 warrants which were issued to Yamana Gold Inc. on May 3, 2016 at an exercise price of $14.00 with an expiry date of May 3, 2021 were exercised on February 26, 2021 for $5,600,000. The $947,000 reserve associated with these warrants was reclassed from warrant reserve to contributed surplus at the date of exercise.

12. SUPPLEMENTAL CASH FLOW INFORMATION

In Thousands of Canadian Dollars	Three months ended March 31, 2021	March 31, 2020
Adjustments for operating activities:		
Generative exploration	$ 8	$ 139
Exploration and evaluation assets abandoned or impaired	-	70
Share-based compensation	716	486
Foreign exchange (gain) loss	(830)	1,092
Amortization and depletion	4,824	3,915
Interest on long-term debt	1,817	1,899
Interest paid	(1,650)	(1,498)
Unrealized (gain) loss on fair value adjustment of derivatives	(4,224)	829
Loss (earnings) from joint ventures	133	(1,638)
(Recovery) loss on impairment of loan receivable	(1,625)	1,625
Share of loss and impairment in associates	199	2,379
Dilution gain on issuance of shares by a joint venture	(358)	-
Income taxes	1,884	2,148
Income taxes paid	(4,798)	(382)
	$ (3,904)	$ 11,064
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	375	1,693
Accounts payable and accrued liabilities	265	(423)
	$ 640	$ 1,270
Cash and cash equivalents consist of:		
Deposits with banks	111,846	32,001
Short-term investments	50	50
	$ 111,896	$ 32,051

13. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2021 the Corporation was billed $6,100 by an associate (March 31, 2020 - $6,100) for general administrative expenses. During the three months ended March 31, 2021, the Corporation's subsidiary was billed $86,600 (US$68,400) from a joint venture (March 31, 2020 - $nil) for management and administrative expenses. During the three months ended March 31, 2021, the Corporation billed a joint venture $22,300 (US$17,500) (March 31, 2020 - $nil) for administrative services.

During the three months ended March 31, 2021 the Corporation paid compensation to key management personnel and directors of $1,558,400 (March 31, 2020- $1,669,000) related to salaries and benefits and incurred $551,000 (March 31, 2020 - $486,000) in share-based compensation costs.

These transactions are in the normal course of operations and are measured at fair value, which is the amount of consideration established and based on the prevailing market rates.

14. NON-CONTROLLING INTERESTS

The following table sets forth the Corporation's cash receipts and cash payments relating to its non-controlling interests:

In Thousands of Canadian Dollars Three months ended March 31, 2021	Adia[1]	ARR	CRLP	GRLP	PRLP	Total
Equity funds	-	67,260	-	-	-	67,260
Distributions	-	-	99	78	223	400

In Thousands of Canadian Dollars Year ended December 31, 2020	Adia[1]	ARR	CRLP	GRLP	PRLP	Total
Equity funds	305	5,012	-	-	-	5,317
Distributions	-	-	20	72	998	1,090

1. Net of a flow through liability of $344,000

IPO of Altius Renewable Royalties Corp.

On March 3, 2021Altius Renewable Royalties Corp. ("ARR"), a subsidiary of the Corporation, completed an Initial Public Offering ("IPO") at a price of C$11.00 per ARR Share (the "Offering Price") for total gross proceeds of C$100,100,000. Following the completion of the IPO, the Corporation held 15,638,639 of the ARR Shares or approximately 61% of the issued and outstanding ARR Shares. Following the closing of the IPO the ARR Shares trade on the TSX under the symbol "ARR".

ARR granted to the Underwriters an over-allotment option to purchase up to an additional 1,365,000 Shares at the Offering Price for additional gross proceeds of up to $15,015,000 if the option is exercised in full. On April 6, 2021 ARR announced that the underwriters partially exercised the over-allotment option granted to the syndicate of underwriters for 694,000 common shares at the initial offering price of C$11.00 per share for total gross proceeds of C$7,634,000. After the exercise of the over-allotment option, the Corporation held 15,638,639 of the ARR Shares or approximately 59% of the issued and outstanding ARR Shares. The proceeds from the IPO will be used by ARR to fund additional renewable energy royalty focused investments to continue to support the growth of its renewable energy royalty business and for general corporate purposes. As at March 31, 2021, the Corporation continued to consolidate the operations of ARR and recorded the cash proceeds of $92,016,000 and has recorded the non-controlling interests share of the net assets of ARR of $67,260,000 based on the percentage ownership of ARR.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table sets forth the Corporation's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. The fair value of the other financial instruments of the Corporation approximates the carrying value due to their short term nature. Financial assets in level 2 consist of share purchase warrants and in level 3 consist of private company investments (Note 6).

In Thousands of Canadian Dollars As at March 31, 2021		Level 1		Level 2		Level 3		TOTAL
Investments		143,550		8,829		12,047		164,426
FINANCIAL ASSETS	$	143,550	$	8,829	$	12,047	$	164,426
Derivative - cash flow swap		-		1,060		-		1,060
Other liability		970		-		-		970
FINANCIAL LIABILITIES	$	970	$	1,060	$	-	$	2,030

In Thousands of Canadian Dollars As at December 31, 2020		Level 1		Level 2		Level 3		TOTAL
Investments		130,164		4,514		10,343		145,021
FINANCIAL ASSETS	$	130,164	$	4,514	$	10,343	$	145,021
Derivative - cash flow swap		-		1,309		-		1,309
Other liability		1,001		-		-		1,001
FINANCIAL LIABILITIES	$	1,001	$	1,309	$	-	$	2,310

Reconciliation of Level 3 fair value measurements of financial instruments

The following table reconciles the fair value measurements of the Corporation's level 3 financial assets, which include lithium investments and certain mining and other investments (Note 9).

In Thousands of Canadian Dollars		Level 3 Investments
Balance, December 31, 2019	$	25,108
Additions		64,576
Disposals		(689)
Loss of control of subsidiary (Note 7)		(78,459)
Revaluation gains (losses) through OCI		(193)
Balance, December 31, 2020	$	10,343
Additions		2,233
Revaluation gains (losses) through OCI		(529)
Balance, March 31, 2021	$	12,047

Valuation technique and key inputs

The Corporation uses an income approach methodology for valuation of these instruments and or uses the value ascribed to external financings completed by its level 3 investments to determine the fair value. If an income approach is not possible, the Corporation utilizes cost as a proxy for fair value. The Corporation works with valuation specialists to establish valuation methodologies and techniques for Level 3 assets including the valuation approach, assumptions using publicly available and internally available information, updates for changes to inputs to the model and reconciling any changes in the fair value of the assets for each reporting date within its financial models.

Significant unobservable inputs

The Corporation may use estimates related to timing of revenues and cash flows, discounts rates and anticipated project development all of which are key inputs into a valuation model. Alternatively, the Corporation evaluates the pricing methodology used in any external financings by its level 3 investments as a key input for valuation.

Relationship and sensitivity of unobservable inputs to fair value

There are underlying sensitivities to these inputs and they may impact the fair value calculations. Specifically, using external financings as an input to the valuation model has the following impacts: the higher the price of the external financing, the higher the valuation of the level 3 investment, the lower the price of the external financing, the lower the valuation of the level 3 investment. A 1% change in financing prices results in a change in valuation of $82,000 of these instruments.

The following table reconciles the fair value measurements of the level 3 financial assets, that are held in the GBR joint venture, consisting of renewable energy investments (Note 4).

In Thousands of Canadian Dollars	Level 3 Renewable energy investments			
		TGE [2]		Apex [2]
Balance, December 31, 2019	$	13,450	$	-
Additions		26,136		44,656
Revaluation gains through OCI (1)		8,461		-
Balance, December 31, 2020	$	48,047	$	44,656
Additions		3,825		1
Revaluation gains through OCI (1)		2,552		5,680
Balance, March 31, 2021	$	54,425	$	50,338

(1) The Corporation has recorded its 86% share of revaluation gains through OCI (December 31, 2020 - 89%)

(2) These amounts reflect the investments held in the joint venture on a 100% basis, converted at March 31, 2021 spot rate.

Valuation technique and key inputs

The Corporation applies an income approach methodology primarily modelled with risk adjusted discounted cash flows to capture the present value of expected future economic benefits to be derived from the ownership of the royalty contracts to be granted in exchange for the investments. The total number and value of royalty contracts to be ultimately awarded is subject to a minimum return threshold, which has the effect of muting the potential value impact of several of the unobservable inputs. If an income approach is not possible or the investment is recent, the Corporation utilizes cost as a proxy for fair value. The Corporation works with valuation specialists to establish valuation methodologies and techniques for Level 3 assets including the valuation approach, assumptions using publicly available and internally available information, updates for changes to inputs to the model and reconciling any changes in the fair value of the assets for each reporting date within its financial models.

Significant unobservable inputs

The Corporation uses publicly available information for power purchase agreement prices and merchant power pricing, as well as estimates related to timing of revenues and cash flows, discounts rates and timing of commercial operations all of which are key inputs into the valuation model.

Relationship and sensitivity of unobservable inputs to fair value

The following table gives information about how the fair value of these investments are determined and in particular, the significant unobservable inputs.

Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value	Quantitative impact
Discount rate	The Corporation applies a range of risk adjusted discount rates to the expected project royalties based on the stage of development and an assessment of the likelihood of completion.	The lower the discount rate the higher the value of an individual royalty. The higher the discount rate the lower the value of the individual royalty. A 1% change in discount rates results in a change of $11,710,000 to the valuation of these instruments.
Timing of commercial operations	There are a series of anticipated project development milestones that occur as a project approaches commercial operations. As each project development milestone nears completion or is met, the risk associated with the project reaching commercial operations decreases. The expected timing of the commercial operations date (the date upon which cash flows are expected to commence) will impact the fair value calculation.	As the commercial operations date approach and the time to cashflow shortens, the value will increase based on the time value of money. Impact is dependent on reduction in time and appropriate risk adjusted discount rate. Given the minimum return threshold it is expected that the impact of timing of commercial operations will be minimal as delays will result in a higher number of royalties granted and thus a higher value. Nominal impact.

Risk Management

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure. The Corporation does not utilize derivative financial instruments for trading or speculative purposes. Hedge accounting is applied only when appropriate documentation and effectiveness criteria are met.

COVID -19

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred during the quarter ended March 31, 2021 may have a significant negative impact on the operations and profitability of the Corporation. The extent of the impact to the financial performance of the Corporation will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, (iv) the effects on the economy overall and (v) the effect on commodity prices, all of which are highly uncertain and cannot be predicted. The impact of COVID-19 on the Corporation's investments and royalty and streaming assets could be volatile as financial markets and commodity prices adjust accordingly.

16. SEGMENTED INFORMATION

Key measures used by the Chief Operating Decision Maker ("CODM") in assessing performance and in making resource allocation decisions are earnings before interest, tax, depreciation and amortization and other income (expenses) ("adjusted EBITDA") and earnings before income taxes. Both measures enable the determination of cash return on the equity deployed and overall profitability for each segment. Revenue and expenses from the LNRLP and Prairie Royalties prior to the acquisition of control are included in the Mineral Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment and eliminations column of the table. Revenue and expenses from GBR after the loss of control are included in the Renewable Royalties segment on a gross revenue and expense basis and adjusted to earnings in joint ventures (under the equity method) in the adjustment and eliminations column of the table. Prior to the loss of control, the net investment by the Corporation in Renewable Royalties is included the segments total assets and adjusted (eliminated on consolidation) in the adjustment and eliminations column of the table. The Corporation manages its business under three operating segments consisting of Mineral Royalties, Renewable Royalties and Project Generation.

In Thousands of Canadian Dollars Reportable Segments, Three Months Ended March 31, 2021	Mineral Royalties	Renewable Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Revenue and other income	$ 17,725	$ 35	$ 408	$ 18,168	$ (666)	$ 17,502
Costs and Expenses						
General and administrative	1,260	676	582	2,518	(616)	1,902
Cost of sales - copper stream	1,021	-		1,021	-	1,021
Generative exploration	-	-	8	8	-	8
Mineral rights and leases	-	-	30	30	-	30
Adjusted EBITDA	$ 15,444	$ (641)	$ (212)	$ 14,591	$ (50)	$ 14,541
Share-based compensation	$ (358)	$ (165)	$ (193)	$ (716)	$ -	$ (716)
Amortization and depletion	(4,908)	(99)	-	(5,007)	183	(4,824)
(Loss) earnings from joint ventures	-	-	-	-	(133)	(133)
Foreign exchange gain	365	264	-	629	-	629
Unrealized gain on fair value adjustment of derivative	-	-	4,224	4,224	-	4,224
Dilution gain on issuance of shares by associate and joint venture	-	358	-	358	-	358
Share of (loss) and impairment reveral in associates	-	-	1,426	1,426	-	1,426
Interest on long-term debt	(1,817)	-	-	(1,817)	-	(1,817)
Earnings (loss) before income taxes	$ 8,726	$ (283)	$ 5,245	$ 13,688	$ -	$ 13,688
Income taxes (current and deferred)						1,884
Net earnings						$ 11,804
Supplementary information						
Total assets	$ 440,722	$ 190,126	$ 71,190	$ 702,038	$ -	$ 702,038
Cash flow from (used)						
Operating activities	11,107	(641)	(1,656)	8,810	(270)	8,540
Financing activities	(10,390)	92,016	-	81,626	-	81,626
Investing activities	(288)	-	(56)	(344)	270	(74)
Total cash flow from (used)	$ 429	$ 91,375	$ (1,712)	$ 90,092	$ -	$ 90,092

In Thousands of Canadian Dollars Reportable Segments, Three Months Ended March 31, 2020	Mineral Royalties	Renewable Royalties	Project Generation	Subtotal	Adjustment for Joint Ventures	Total
Revenue and other income	$ 16,211	$ 68	$ -	$ 16,279	$ (3,230)	$ 13,049
Costs and Expenses						
General and administrative	806	498	745	2,049	(24)	2,025
Cost of sales - copper stream	1,326	-	-	1,326	-	1,326
Generative exploration	-	-	139	139	-	139
Mineral rights and leases	-	-	42	42	-	42
Adjusted EBITDA	$ 14,079	$ (430)	$ (926)	$ 12,723	$ (3,206)	$ 9,517
Share-based compensation	$ (364)	$ -	$ (122)	$ (486)	$ -	$ (486)
Amortization and depletion	(5,269)	(214)	-	(5,483)	1,568	(3,915)
Earnings from joint ventures	-	-	-	-	1,638	1,638
Foreign exchange (loss)	(1,218)	247	-	(971)	-	(971)
Unrealized (loss) on fair value adjustment of derivative	-	-	(829)	(829)	-	(829)
Exploration and evaluation assets abandoned or impaired	-	-	(70)	(70)	-	(70)
Share of (loss) and impairment in associates	-	-	(4,004)	(4,004)	-	(4,004)
Interest on long-term debt	(1,899)	-	-	(1,899)	-	(1,899)
Earnings (loss) before income taxes	$ 5,329	$ (397)	$ (5,951)	$ (1,019)	$ -	$ (1,019)
Income taxes (current and deferred)						2,148
Net earnings (loss)						$ (3,167)
Supplementary information						
Total assets	$ 523,197	$ 75,907	$ 41,313	$ 640,417	$ (73,850)	$ 566,567
Cash flow from (used)						
Operating activities	14,445	(430)	(787)	13,228	(4,061)	9,167
Financing activities	36,075	-	649	36,724	-	36,724
Investing activities	13,192	(52,934)	(287)	(40,029)	4,061	(35,968)
Total cash flow from (used)	$ 63,712	$ (53,364)	$ (425)	$ 9,923	$ -	$ 9,923

17. SUBSEQUENT EVENTS

Tri Global

Hoosier Line Wind & Honey Creek Solar

Subsequent to the quarter TGE announced the sale of two renewable energy projects, namely the 180 MW Hoosier Line Wind project and the 400 MW Honey Creek Solar project to Leeward Renewable Energy, a portfolio company of Canadian pension fund subsidiary OMERS Infrastructure. The two sales result in creation of a 3% royalty on the wind project and a 1.5% royalty on the solar project within GBR. These sales represent the fourth and fifth project royalties to be created under Great Bay's royalty-based funding support agreement with TGE. The five royalties in aggregate represent approximately 1520 MW of new renewable energy projects.

Appaloosa Run

Subsequent to the quarter, TGE announced the sale of its 175 MW Appaloosa Run wind project in West Texas to an established buyer. The sale results in creation of a 1.5% royalty within GBR, under its royalty-based portfolio funding agreement with TGE. This sale represents the sixth royalty to be created under the Tri Global Energy agreement with Great Bay Renewables. The six royalties in aggregate represent approximately 1700 MW of solar and wind power.