# ALTIUS MINERALS CORPORATION

Management's Discussion and Analysis of Financial Conditions and Results of Operations

Three months ended March 31, 2020

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements for the three months ended March 31, 2020 and related notes. This MD&A has been prepared as of May 11, 2020.*

*Management's discussion and analysis of financial condition and results of operations contains forward–looking statements. By their nature, these statements involve risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*Additional information regarding the Corporation, including the Corporation's continuous disclosure materials, is available on the Corporation's website at [www.altiusminerals.com](http://www.altiusminerals.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com).*

## Description of Business

The Corporation has three operating business segments – mineral royalties / streams, renewable royalties and project generation. The Corporation's diversified royalties and streams generate revenue from 15 operating mines located in Canada (14) and Brazil (1) that produce copper, zinc, nickel, cobalt, potash, iron ore, thermal (electrical) and metallurgical (steel making) coal (see Appendix 1: Summary of Producing Royalties and Streaming Interests). 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 holds royalties related to renewable energy generation projects located primarily in the United States through a recently founded subsidiary, Altius Renewable Royalties.

Additional information on the status of these royalty interests is available in Appendix 2: Summary of Exploration and Pre-Production Stage Royalties of this MD&A.

## Strategy

The Corporation's strategy is to grow a diversified portfolio of royalties related to commodities and assets that benefit most from the sustainability linked, macro-scale structural trends of fossil fuel to renewable based electrical generation conversion; transportation electrification; lower emission steel making; and agricultural yield growth.

The Corporation gives priority to royalty interests in projects with large potential resource lives in order to maximize future option value realization potential. The long average resource lives that remain for most of our current portfolio of royalties is a key strategic differentiator for Altius within the broader resource royalty sector. Large resources are excellent predictors of project capacity expansions. Such occurrences typically require capital investments by the mine operator, but as a royalty holder Altius pays no share of the cost incurred to gain these potential incremental benefits.

Altius also grows its portfolio of paying royalties by originating mineral projects and then retaining royalties upon their transfer to mining/development companies. This approach is the core function of our Project Generation business and is another unique strategic differentiator for Altius. In addition, the Project Generation business has a strong track record of earning substantial profits from the eventual sale of junior equities that are often received beyond the retained royalties during project deal making. These profits can then be used for further royalty acquisitions, as was the case when previous up-cycle profits were leveraged to provide the majority of our royalty acquisition financing during the following cycle trough.

Whether considering M&A type mineral royalty acquisitions or its organic Project Generation business, Altius exercises rigorous counter-cyclical discipline. Commodity markets are notoriously cyclical and individual asset valuations can change dramatically in accordance with commodity prices and sentiment. Our mining royalty and mineral property acquisitions are primarily made during periods of low cyclical valuations, while operator funded organic growth and equity gains / liquidity events typically become more pronounced during periods of better cyclical valuations.

More recently, Altius expanded its focus on growing its royalty portfolio to benefit from sustainability-based macro trends by forming Altius Renewable Royalties ("ARR") as a subsidiary. ARR seeks to provide royalty based financing to renewable energy project originators and developers and to then retain royalties once these projects are sold on to ultimate project sponsors and operators.

## Outlook

The COVID-19 pandemic continues to cause financial, operational and economic uncertainty in all industries globally. The Corporation has taken actions to augment its safety protocols, protect its employees, and to strengthen its balance sheet given the heightened uncertainty. The Corporation began work from home measures effective March 16, 2020, curtailed all non-critical operating activities, and banned all non-essential corporate travel for employees and directors. In late March the Corporation also sold 1,000,000 common shares in Labrador Iron Ore Royalty Corporation (LIORC) for net proceeds of approximately $15,000,000, which brought the Corporation's cash balance to approximately

$30,000,000. This defensive cash position further enabled Altius to endure any prolonged or significant financial impacts of the pandemic while providing a source of readily available capital for per share growth opportunities as uncertainties dissipate.

The Corporation provided shareholders with an update on March 27, 2020 noting the impacts that it was observing due to the COVID-19 epidemic with respect to both production volumes and prices, while also commenting that in these circumstances uncertainty around its royalty revenue expectations remained high. Since then it has not been informed of any new material impacts to production volumes by the operators of the mines from which it receives royalties. However, risks of further localized curtailments continue and the level of uncertainty surrounding the near-term outlook for commodity prices remains at well beyond traditional levels. As a result, we have elected to withdraw the revenue guidance that we originally provided on January 22, 2020.

The information provided below regarding expectations for production volumes and prices should therefore be considered as being provided largely in the absence of future factoring for various potential COVID-19 impacts as they might relate to economic growth, supply chain disruptions and government stimulus efforts, amongst many other possible variables including operator shutdowns.

Base metal production volumes in 2020, specifically those at 777 and Chapada, are expected to be relatively consistent with volumes seen in 2019; however base metal prices trended lower in the first quarter of 2020. At Gunnison, where Excelsior Mining has suspended its commissioning activities for health and safety and liquidity preservation purposes, we currently presume no short-term contributions to revenue. Royalty revenue at Voisey's Bay is expected to be subdued as the mining operation is on care and maintenance and activities at the related Long Harbour Processing plant rely solely upon available stockpiles.

The Iron Ore Company of Canada ("IOC") mining complex in Labrador is continuing to operate at relatively normal levels and to benefit from strong market and pricing for its high-quality iron ore production as a result of persistent, largely non COVID-19 related, global supply challenges. It has however noted that demand for its pellet products has weakened and that it has therefore elected to reduce pellet production in favour of increased concentrate production. This has the potential to cause a reduction in top line sales revenue, and related LIORC royalty payments from IOC, as pellets typically sell at a premium to concentrates. The impact to the portion of distributable cash flow that LIORC receives related to its equity interest in IOC is expected to be less impacted marginally given that the reduction in pelletizing also results in lower production costs.

Forecasts for long-term global potash demand growth remain positive; however prices declined throughout the quarter. In this price environment rationalization of production to lower cost and recently expanded operations such as Rocanville and Esterhazy is expected to continue to positively reflect in volumes attributable to Altius, given the Corporation's higher weighted exposure to these lower cost operations.

Alberta's Electric System Operator ("AESO") saw near record demand in January 2020 setting an all time peak in electricity consumption due to extreme cold weather conditions. Strong demand continued into March until demand began to taper as the pandemic began to impact consumption and weather conditions normalized. Altius' royalties related to thermal coal-fired electricity generation have no pricing exposure and are paid on a per tonne basis.

The Corporation continues to achieve significant milestones in the advancement of its innovative royalty structure related to the renewable energy generation sector. In Q1 2020, ARR announced a $47 million project portfolio based investment with Apex Clean Energy, one of the largest wind and solar developers in the United States. This marked ARR's second such transaction and largely completed the initial strategic goal of Altius to invest its remaining expected thermal coal portfolio royalty revenues into the creation of a replacement long-life renewable energy royalty portfolio far sooner than expected. The strategic objective of the business has now therefore been expanded and ARR continues to advance several additional royalty investment opportunities. The Corporation also continues to evaluate the merits of working with strategic co-investment partners, and of potentially spinning ARR out as renewable energy royalty public company, in order to best optimize its growth potential.

Within the Project Generation business, field work and face to face interaction with business partners has been curtailed however we continue to work closely with the management teams of our various junior equity portfolio investment companies to find ways to add value through the provision of technical and various other supports where deemed helpful. We are also actively completing desktop based project generative activities with a goal of adding new early stage mineral prospects to replenish our portfolio following several years of strong sales to select industry partners.

## Quarterly Highlights

### *Altius Renewable Royalties*

On March 10, 2020, ARR entered into a $47 million (US$35 million) royalty investment agreement with Apex Clean Energy (“Apex”) to obtain future royalties related to a broad portfolio of wind and solar energy development projects located across North America.

Apex is one of the largest renewable energy developers in the U.S. and has commercialized over 5 gigawatts (GW) of clean energy projects since inception in 2009. Its current portfolio includes approximately 21 GW (12.5GW wind, 8.5GW solar) of development projects. The royalty financing provided by ARR will allow Apex to accelerate the advancement and ultimate sale of wind and solar energy projects existing in the portfolio and to add new projects to its portfolio.

Apex is committing its current portfolio of renewable energy development projects, and any newly acquired projects that it develops, to this new royalty investment structure with ARR, excluding certain later stage portfolio projects that are already subject to sale, financing or construction commitments. As individual projects from within the development portfolio reach commercial production, ARR will affix gross revenue royalties on wind energy and solar energy projects until such time as a sufficient number of project royalties have been created to meet a minimum return threshold. Each individual project royalty, once created, will encompass the full life of the project including any extensions or enhancements that might occur.

Upon achieving certain milestones related to the vending of projects in Apex’s development pipeline, mutual options become exercisable to provide continuing US$10 million tranches of royalty investment. Altius has financed the investment using its revolving credit facility.

### *Capital Allocation*

During the quarter ended March 31, 2020 the Corporation repaid $5,000,000 in scheduled payments on its credit facilities, paid a quarterly cash dividend of five cents per common share, paid a quarterly distribution of $1,260,000 on its preferred securities and repurchased 255,600 of its shares at a cost of $2,643,000 under its normal course issuer bid. The Corporation also drew down on its revolving credit facility for $47,326,000 to fund the Apex transaction. As noted above, the Corporation strengthened its financial position in the face of the economic uncertainty by reducing its holding of LIORC.

### Financial Performance and Results of Operations

IN THOUSANDS OF CANADIAN DOLLARS (except per share amounts)

| | Three months ended | | |
|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | Variance |
| **Revenue** | | | |
| Attributable royalty | $ 16,279 | $ 21,844 | $ (5,565) |
| Project generation | - | 9 | (9) |
| Attributable revenue [1] | 16,279 | 21,853 | (5,574) |
| Adjust: joint venture revenue | (3,230) | (4,780) | 1,550 |
| IFRS revenue per consolidated financial statements | 13,049 | 17,073 | (4,024) |
| | | | |
| Total assets | $ 566,567 | $ 613,108 | $ (46,541) |
| Total liabilities | 209,328 | 198,842 | 10,486 |
| Cash dividends declared & paid to shareholders | 2,090 | 1,714 | 376 |
| | | | |
| Adjusted EBITDA (1) | 12,723 | 17,359 | (4,636) |
| Adjusted operating cash flow (1) | 13,228 | 8,418 | 4,810 |
| Net earnings (loss) | (3,167) | 6,616 | (9,783) |
| | | | |
| Attributable revenue per share (1) | $ 0.39 | $ 0.51 | $ (0.12) |
| Adjusted EBITDA per share (1) | 0.30 | 0.41 | (0.11) |
| Adjusted operating cash flow per share (1) | 0.32 | 0.20 | (0.01) |
| Net earnings (loss) per share, basic and diluted | (0.08) | 0.15 | 0.50 |

[1] *See non-IFRS measures section for definition and reconciliation*

Attributable revenue (see non-IFRS measures) was $16,279,000 ($0.39 per share) in the first quarter of 2020, which was 25% lower than the $21,844,0008 ($0.51 per share) recorded in the comparable quarter in 2019, mainly as a result of lower average potash prices and tonnes, reduced LIORC dividends paid and reduced shareholding, planned sequencing activities at certain thermal coal mines as well as lower copper sales at 777 and Chapada due to timing of sales.

Adjusted EBITDA in the quarter ended March 31, 2020 was $12,723,000 ($0.30 per share) was 27% lower than $17,359,000 ($0.41 per share) for the prior year comparable quarter which is in accordance with reduced royalty revenue. The EBITDA margin of 78% was consistent with the first quarter of 2019.

Adjusted operating cash flow was $13,228,000 ($0.32 per share), which was 57% higher than the $8,418,000 ($0.20 per share) generated in 2019 first quarter as a result of lower costs for general and administrative, costs of copper purchases related to the Chapada copper stream, interest and taxes paid.

Net loss during the three months ended March 31, 2020 was $3,167,000 ($0.08 per share) compared to earnings of $6,616,000 ($0.15 per share) recorded in the comparable three month period in 2019, mainly as a result of lower revenue from our diversified royalty portfolio as well as non-cash impairment charges in associate, unrealized losses on derivatives and foreign exchange, and increases to depreciation, amortization and taxes.

Total assets net of total liabilities decreased by approximately $57,000,000 over the comparable period in the prior year as a result of unrealized loss on investments and one time impairment expenses offset by the monetization of investments in the Project Generation business resulting in gains on disposition, which are described in further detail below.

### *Costs and Expenses*

IN THOUSANDS OF CANADIAN DOLLARS

| Costs and Expenses | Three months ended March 31, 2020 | March 31, 2019 | Variance |
|---|---|---|---|
| General and administrative | $ 2,025 | $ 2,798 | $ (773) |
| Cost of sales - copper stream | 1,326 | 1,565 | (239) |
| Share-based compensation | 486 | 426 | 60 |
| Generative exploration | 139 | 3 | 136 |
| Exploration and evaluation assets abandoned or impaired | 70 | - | 70 |
| Mineral rights and leases | 42 | 47 | (5) |
| Amortization and depletion | 3,915 | 3,753 | 162 |
| | $ 8,003 | $ 8,592 | $ (589) |

General and administrative expenses for the three months ended March 31, 2020 were $773,000 lower than the prior year period. Current quarter general and administrative costs are 28% lower than the prior year's quarter and are reflective of lower salary related costs and lower professional and corporate development fees recorded in ARR. ARR incurred employee and office costs of approximately $498,000 (March 31, 2019 - $650,000) during the current quarter (see segment note in the consolidated financial statements). In future periods it is expected that the ARR related costs will be offset by asset growth and higher revenues as renewable energy royalty investments are completed and projects subject to royalty begin to commission.

A significant component of general and administrative expenses of the Corporation relate to the administration and staffing of its Project Generation segment. During the three months ended March 31, 2020 this amounted to $745,000 (March 31, 2019 - $1,145,000). This business creates long term royalty development opportunities and also receives public equity positions in exchange for mineral projects and cash investments. Net cash from equity sales and purchases completed by the Project Generation business generated $982,000 in the current quarter. In considering the portion of general and administrative costs that relates to the Project Generation segment, and its negative impact on adjusted EBITDA and EBITDA margin, it is important to note that equity sales are not included as a revenue contribution but are instead recorded as gains in the statement of comprehensive earnings.

Decreased cost of sales for the Chapada copper stream are proportional to decreased copper stream revenue. Under the streaming agreement the Corporation purchases 3.7% of the payable copper at 30% of the spot copper price. Amortization and depletion are higher for the three months ended March 31, 2020 in comparison to the three months ended March 31, 2019 and includes amortization related to the Corporation's intangible assets which were part of the Great Bay Renewables acquisition in 2019.

IN THOUSANDS OF CANADIAN DOLLARS

| Other items | Three months ended March 31, 2020 | March 31, 2019 | Variance |
|---|---|---|---|
| Earnings from joint ventures | $ 1,638 | $ 3,744 | $ (2,106) |
| Gain on disposal of investments | - | 103 | (103) |
| Interest on long-term debt | (1,899) | (2,035) | 136 |
| Foreign exchange loss | (971) | (629) | (342) |
| Unrealized loss on fair value adjustment of derivatives | (829) | (345) | (484) |
| Share of loss and impairment in associates | (4,004) | (1,219) | (2,785) |
| Income tax (expense) recovery | (2,148) | (1,484) | (664) |

Other factors which contributed to the change in the Corporation's earnings are:

- Earnings from joint ventures were lower for the three months ended March 31, 2020 as a result of increased amortization and depletion at the partnership level. Royalty revenues for the current quarter are also down from the prior year quarter based on expected mine sequencing at Sheerness.
- The Corporation equity accounts for its shareholdings in Alderon Iron Ore Corporation ("Alderon") and Adventus and has recorded its share of loss and impairment in associate of $4,004,000 (March 31, 2019 - $1,219,000). 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, 2020, Alderon announced it could not repay this debt. As a result, the Corporation has recorded an impairment charge on the loan receivable of $1,625,000 and recorded an impairment of $1,544,000 which represents the entire value of its equity investment in Alderon.

- An unrealized loss on the fair value of derivatives related to the revaluation of share purchase warrants impacted by the share volatility in the junior mining sector was recorded for the three months ended March 31, 2020.
- Increased foreign exchange loss recorded in the current quarter was driven by fluctuating exchange rates since December 31, 2019.
- Tax expense is higher during the three months ended March 31, 2020 despite lower adjusted EBITDA which reflects a decrease in tax rates in Alberta enacted effective January 1, 2020 offset with adjustments with respect to certain deferred tax asset capital items.

## Segment Performance

During the quarter ended March 31, 2020, the Corporation began managing its business under three operating segments consisting of the acquisition and management of producing and development stage royalty and streaming interests ("Mineral Royalties"); the acquisition and management of renewable energy investments and royalties ("Renewable Royalties") and; the acquisition and early stage exploration of mineral resource properties with a goal of vending the properties to third parties in exchange for early stage royalties and minority equity or project interests ("Project Generation").

### *Mineral Royalties*

A summary of the Corporation's attributable royalty revenue and key highlights is as follows:

IN THOUSANDS OF CANADIAN DOLLARS

| Summary of attributable royalty revenue | Three months ended March 31, 2020 | Three months ended March 31, 2019 | Variance |
|---|---|---|---|
| Revenue | | | |
| **Base metals** | | | |
| 777 Mine | 2,299 | $ 1,893 | $ 406 |
| Chapada | 4,133 | 5,432 | (1,299) |
| Voisey's Bay | 127 | 297 | (170) |
| **Metallurgical Coal** | | | |
| Cheviot | 590 | 1,215 | (625) |
| **Thermal (Electrical) Coal** | | | |
| Genesee | 1,326 | 1,252 | 74 |
| Paintearth | 75 | 144 | (69) |
| Sheerness | 1,030 | 1,535 | (505) |
| Highvale | 82 | 337 | (255) |
| **Potash** | | | |
| Cory | 223 | 324 | (101) |
| Rocanville | 2,976 | 2,895 | 81 |
| Allan | 196 | 241 | (45) |
| Patience Lake | 139 | 245 | (106) |
| Esterhazy | 861 | 1,083 | (222) |
| Vanscoy | 9 | 34 | (25) |
| Lanigan | 2 | 5 | (3) |
| **Iron ore** [1] | 1,006 | 4,233 | (3,227) |
| **Other** | | | |
| Renewables | 907 | 153 | 754 |
| Coal bed methane | 134 | 160 | (26) |
| Interest and investment | 164 | 366 | (202) |
| **Attributable royalty revenue** | $ 16,279 | $ 21,844 | $ (5,565) |

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

*[1] LIORC dividends received*

| Summary of attributable royalty volumes and average prices | Three months ended March 31, 2020 | | March 31, 2019 | |
|---|---|---|---|---|
| | Tonnes | Average price (1) | Tonnes | Average price (1) |
| Chapada copper (3) | 502 | $2.83 US / lb | 676 | $2.73 US / lb |
| 777 copper (4) | 2,691 | $2.55 US / lb | 3,599 | $2.82 US / lb |
| 777 zinc (4) | 9,432 | $0.96 US / lb | 6,431 | $1.23 US / lb |
| Potash (5) | 449,324 | $332 / tonne | 476,739 | $400 / tonne |
| Metallurgical coal (6) | 88,343 | $184 / tonne | 127,152 | $232 / tonne |
| Thermal (electrical) coal (2,5) | 452,900 | N/A | 729,582 | N/A |

*(1) Average prices are in CAD unless noted*

*(2) Inflationary indexed rates*

*(3) Copper stream; quantity represents actual physical copper received*

*(4) 4% NSR; production figures shown represent 100% of production subject to the royalty*

*(5) Various production royalties; quantities represent tonnes subject to the royalties at each respective mine (royalty tonnes only)*

*(6) Represents portion of production at Teck's Cheivot mine subject to the royalty (50%)*

### Base Metals

#### Chapada Copper Stream

Revenue at Chapada in the first quarter was down approximately 21% from the same quarter in 2019. Chapada started 2019 with strong sales due to the lagged timing of production relative to sales at the end of 2018. On April 29, the operator, Lundin Mining Corp. (“Lundin”), reported that Chapada remains on-track to achieve full year copper production guidance.

#### Voisey’s Bay Nickel-Copper-Cobalt Royalty

Overall, first quarter revenues were 57% lower than the first quarter in 2019 due to record snowfall in the month of January and other short-term impacts at the Long Harbour processing facility. We expect nickel production to remain muted for the near term based upon recent operator announcements.

On March 16, 2020 Vale announced a 4 week care and maintenance period at Voisey’s Bay mine as a precaution to help protect the health and well being of indigenous communities where many of its employees reside. On April 8, 2020, Vale extended the care and maintenance period for up to 3 months. Vale noted that the Long Harbour Processing Plant will continue to operate, drawing down on stockpiled concentrates to produce nickel and cobalt.

#### Cardinal River Royalty

Lower sales volumes at Cardinal River in three months ended March 31, 2020 as compared to the three months ended March 31, 2019 resulted in a 51% decrease in revenue. As the mine approaches the end of its scheduled life, geotechnical and closure considerations continue to introduce variability in quarterly revenues. Teck Resources Limited announced that the mine closure is now expected by the end of June 2020. Neither Altius nor the partnership that holds the Cheviot royalty will incur any share of reclamation costs associated with the closure.

#### Alberta Electrical Coal Royalties

Attributable production volumes during the first quarter were 37% lower than those of the prior year period based on expected temporary shifts in mine sequencing off Altius’ royalty lands at Sheerness, resulting in lower revenues by 23% for the quarter ended March 31, 2020.

Altius continues to advance the lawsuit filed against both the Government of Alberta and the Government of Canada related to the Genesee Royalty Limited Partnership, of which Altius is the general partner. This suit claims $190 million in damages, while describing actions that it feels were tantamount to expropriation of its royalty interest in the Genesee mine, which is integrated with the Genesee power plant in Alberta, Canada. The lawsuit is now entering the production and discovery phase.

### *Saskatchewan Potash Royalties*

Revenue from potash operations on which Altius holds royalties were 8.7% lower for the three months ended March 31, 2020 compared to the same period in 2019 as a result of lower realized prices. Production volumes at the two largest contributors to Altius's potash royalty revenue were lower than the same quarter the previous year but showed improvements from the fourth quarter in 2019 where voluntary production curtailments were ongoing. Revenues, despite being lower for the quarter, reflected improvements from the end of 2019 which saw production curtailments at several of the mines subject to Altius royalties that were the result of inventory growth related to a weak weather-related planting season in North America.

### *Iron Ore*

The Corporation's iron ore revenue stems from the pass through of royalties and equity dividends paid by IOC to Labrador Iron Ore Royalty Corporation ("LIORC"). LIORC operates as a passive flow-through vehicle for proceeds from a 7% gross overriding royalty and a 15.1% equity position held by LIORC on the IOC operations in Labrador, Canada. IOC did not declare an equity dividend in the first quarter as it chose to maintain additional cash on its balance sheet, presumed to be reflective of additional planned sustaining and growth capital spending in 2020 and increased market uncertainty. During the quarter ended March 31, 2020, LIORC announced cash dividends for the first quarter of $0.35 per share, composed of a regular dividend of $0.25 per share and a special dividend of $0.10 per share versus in the first quarter of 2019 a regular dividend of $0.25 per share and a special dividend of $0.80 per share.

Revenue for the quarter from LIORC was 76% lower than the same period in 2019, as a result of the lower dividend as well as the reduced shareholding in LIORC by the Corporation described earlier.

### *777 Copper-Zinc-Gold-Silver Royalty*

Royalty revenues from Hudbay's 777 Mine were approximately 21% higher in the three months ended March 31, 2020 than in the comparable three months in 2019. Zinc grades and recoveries improved in the first quarter of 2020 when compared same quarter in 2019, this was offset slightly by lower realized copper grades. Comparing 777 revenues in Q1 2020 to the prior quarter, Q4 2019, we see an approximately 5% decrease driven primarily by weaker base metal prices.

During the three months ended March 31, 2020 Hudbay Minerals Inc. reported the extension of the 777 mine life to the end of second quarter of 2022, based on its most recent estimate of mineral reserves.

### *Renewable Royalties*

### *Altius Renewable Royalties*

On March 9, 2020, ARR investee company TriGlobal Energy ("TGE") announced an agreement to sell the 180-MW Flatland Solar project to Silverpeak Strategic Partners. This marked the third renewable energy royalty, and the first related to a solar energy project, under the royalty financing agreement that ARR announced in 2019 with TGE.

On March 10, 2020 ARR entered into a US$35 million royalty investment agreement with Apex (see quarterly highlights section) to obtain future royalties related to a broad portfolio of wind and solar energy development projects located across North America.

ARR continued to advance due diligence investigations and negotiations with several other renewable energy operators and developers relating to additional potential royalty financing transactions.

### *Project Generation*

### *Pre-Production Royalties & Junior Equities Portfolio Highlights*

The Corporation's junior equities portfolio had a market value of $34,000,000 at March 31, 2020. This amount excludes the market value of LIORC and the fair value of privately held investments, which stood at $48,309,000 and $81,217,000 respectively. During the three months ended March 31, 2020 the Corporation generated positive cash proceeds from sales, net of new investments, totaling $16,033,000 of which $15,052,000 was generated by the sale of LIORC shares. The Corporation recognized a loss on disposition of investments of approximately $5,100,000 in the consolidated statement of comprehensive earnings.

### *Advanced Project Stage Investments*

### *Adventus Mining Corporation*

Adventus Mining Corporation (“Adventus”) had previously reported plans of a US$7 million exploration campaign in 2020, to include drilling of several targets at its Curipamba, Pijili and Santiago projects in Ecuador. However on March 18, 2020 Adventus announced a temporary suspension of its planned exploration and development activities in response to the Government of Ecuador's declaration of a state of emergency to prevent the spread of COVID-19. During the three months ended March 31, 2020, Adventus also announced the execution of an agreement that will see South32 Limited explore its Rathkeale, Kingscourt and Fermoy projects in the Republic of Ireland, each of which are subject to 2% NSR royalties in favour of Altius. Altius’s equity ownership in Adventus is approximately 15.51% and Altius holds a 2% NSR on the Curipamba Project.

### *Adia Resources Inc.*

Adia Resources Inc. (“Adia”), a private company 57.4% owned by Altius, has recently completed a second phase of drilling at its Lynx diamond project in northern Manitoba, to follow up on three holes drilled in 2019 on its Eastern Bay target. The 2020 program included 7 drill holes comprising 2,822 metres on both the Eastern Bay and Western Bay targets. Prospective ultramafic rocks were intersected in 5 of the 7 drill holes. Adia has an agreement with De Beers Group (“De Beers”), which is providing in-kind technical support in exchange for shares in Adia. All drill core is currently secured at De Beers technical facilities in Sudbury, Ontario, where detailed logging and sampling for microdiamond analysis will be carried out on the 2020 core in the weeks ahead, with results anticipated later this summer subject to any operational delays related to COVID-19.

### *Alderon Iron Ore*

Alderon Iron Ore Corp. (“Alderon”) provided an update on April 1, 2020 with respect to its US$14-million loan facility due to Sprott Resource Lending (“Sprott”) and its failure to repay the loan facility as of the extended maturity date of March 31, 2020. Alderon’s obligations under the loan facility are secured against the Kami project and Sprott has indicated that it intends to realize on its security. As well as holding 52,865,442 shares in Alderon, Altius is a participant in the Sprott loan facility to the extent of US$2 million. At March 31, 2020 Altius recognized an impairment charge on $1,625,000 on the loan receivable and reduced the carrying value of its equity investment to $nil.

### *Other*

Altius holds other mineral rights targeting base, precious metals and diamond exploration opportunities in Canada (Newfoundland & Labrador, Manitoba, Alberta, Saskatchewan), and the United States (Michigan), for which it is seeking capable partners.

The technical information contained in this MD&A has been reviewed and approved by Lawrence Winter, Ph.D., P.Geo., Vice-President of Exploration, a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

Readers are encouraged to visit the corporate website at www.altiusminerals.com to gain added insight into the exploration activities and projects of the Corporation.

## Cash Flows, Liquidity and Capital Resources

IN THOUSANDS OF CANADIAN DOLLARS

| Summary of Cash Flows | Three months ended March 31, 2020 | Three months ended March 31, 2019 |
|---|---|---|
| Operating activities | $ 9,167 | $ 4,303 |
| Financing activities | 36,724 | 20,836 |
| Investing activities | (35,968) | (32,254) |
| Net increase (decrease) in cash and cash equivalents | 9,923 | (7,115) |
| Cash and cash equivalents, beginning of period | 22,128 | 28,392 |
| Cash and cash equivalents, end of period | $ 32,051 | $ 21,277 |

### *Operating Activities*

Operating cash generated in the first quarter is higher than that of the prior year quarter despite decrease in overall royalty revenues. This is mainly a result of lower costs for general and administrative, lower costs of copper related to the Chapada copper stream, timing of interest and taxes paid.

### *Financing Activities*

During the three months ended March 31, 2020 the Corporation completed a draw-down of $47,326,000 (March 31, 2019 - $25,208,000) on its revolving credit facility which was used to fund its royalty investment agreement with Apex. The Corporation repaid $5,000,000 (March 31, 2019 - $5,000,000) during the three months ended March 31, 2020 related to its term loan facility.

A distribution on the Corporation's preferred securities of $1,260,000 (March 31, 2019 - $1,260,000) was also completed during the three months ended March 31, 2020.

The Corporation distributed $216,000 (March 31, 2019 - $293,000) to a non-controlling interest in Potash Royalty Limited Partnership during the three months ended March 31, 2020. Proceeds from issuance of shares of $649,000 (March 31, 2019 - $3,895,000) was received during the three months ended March 31, 2020 from non-controlling interests in Adia.

The Corporation declared and paid dividends of $2,090,000 (March 31, 2019 - $1,714,000) to its shareholders in the three months ended March 31, 2020.

During the quarter the Corporation repurchased and cancelled 255,600 common shares under its normal course issuer bid for a total cost of $2,643,000 compared to nil in the prior year.

### *Investing Activities*

Joint venture-based royalty cash flow from our coal partnerships of $4,061,000 was in line with the prior year comparable quarter of $4,115,000.

The Corporation used $54,774,000 (March 31, 2019 - $1,714,000) in cash to acquire investments during the three months ended March 31, 2020, of which $48,364,000 (US $35,000,000) was used by ARR to acquire the Apex investment, $4,570,000 (US $3,500,000) (March 31, 2019 - $13,836,000 (US $3,500,000)) was used by ARR to add to the TGE investment and $1,840,000 (March 31, 2019 - $12,742,000) was used to add to the LIORC position.

During the three months ended March 31, 2019 the Corporation, through its subsidiary ARR, acquired Great Bay Renewables, Inc. for $6,152,000 (US$5,000,000) net of cash assumed.

The Corporation received $16,033,000 from the sale of investments for the three months ended March 31, 2020 (March 31, 2019 - $7,789,000) consisting mostly of proceeds of $15,052,000 from the sale of LIORC shares.

The Corporation acquired mining royalty interests at a cost of $13,474,000 during the prior year quarter, which included the 2% NSR on the Curipamba copper project.

### *Liquidity*

At March 31, 2020 the Corporation had current assets of $43,427,000, consisting of $32,051,000 in cash and cash equivalents and $8,455,000 primarily in accounts receivable, loan receivable and prepaid expenses, with the remainder in income taxes receivable. Current liabilities of $26,299,000 include the current portion of long-term debt obligations of $20,000,000, which are paid quarterly. The Corporation's major sources of free cash flow are from royalty income and streaming revenue, cash receipts from royalty partnership interests, sales of direct and indirect exploration investments, and investment income. The Corporation monetized certain portfolio investments during the current quarter and generated $16,033,000 in cash, At March 31, 2020 the Corporation has approximately $35,000,000 of available liquidity under its revolving credit facility.

### Summary of Quarterly Financial Information

The table below outlines select financial information related to the Corporation's attributable revenue, adjusted EBITDA, net (loss) earnings and net (loss) earnings per share for the most recent eight quarters. The financial information is extracted from the Corporation's condensed consolidated financial statements and should be read in conjunction with those statements and the annual audited consolidated financial statements.

IN THOUSANDS OF CANADIAN DOLLARS (except per share amounts)

| | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
|---|---|---|---|---|
| Attributable revenue (1) | $ 16,279 | $ 17,557 | $ 19,256 | $ 19,538 |
| Adjusted EBITDA (1) | 12,723 | 13,624 | 15,241 | 16,344 |
| Adjusted operating cash flow (1) | 13,228 | 9,442 | 14,368 | 11,849 |
| Net earnings (loss) attributable to common shareholders | (3,546) | 8,842 | 4,450 | (2,068) |
| Attributable revenue per share (1) | $ 0.39 | 0.41 | 0.45 | 0.46 |
| Adjusted EBITDA per share (1) | 0.30 | 0.32 | 0.35 | 0.38 |
| Adjusted operating cash flow per share (1) | 0.32 | 0.22 | 0.33 | 0.28 |
| Net earnings (loss) per share - basic and diluted | (0.08) | 0.21 | 0.10 | (0.05) |
| | **March 31, 2019** | **December 31, 2018** | **September 30, 2018** | **June 30, 2018** |
| Attributable revenue (1) | $ 21,853 | $ 17,912 | $ 17,634 | $ 16,757 |
| Adjusted EBITDA (1) | 17,359 | 13,383 | 13,381 | 13,032 |
| Adjusted operating cash flow (1) | 8,418 | 9,776 | 7,355 | 9,489 |
| Net earnings attributable to common shareholders | 6,248 | (12,578) | 6,025 | 5,291 |
| Attributable revenue per share (1) | $ 0.51 | $ 0.42 | $ 0.40 | $ 0.39 |
| Adjusted EBITDA per share (1) | 0.41 | 0.32 | 0.32 | 0.30 |
| Adjusted operating cash flow per share (1) | 0.20 | 0.23 | 0.17 | 0.21 |
| Net earnings per share - basic and diluted | 0.15 | (0.29) | 0.14 | 0.12 |

*(1) Non-IFRS measures are reconciled and described in the Non-IFRS Measures section of this MD&A*
*(2) Condensed period (2 months) due to change in fiscal year*

EBITDA is derived primarily from the high margin royalty business, which includes attributable royalty and streaming revenue from our 15 producing mines, all net of G&A and operating costs. Attributable royalty revenue is contingent on many factors including commodity prices, mine production levels, mine sequencing, maintenance schedules and the timing of concentrate shipments, which in some cases are affected by seasonality and outside events. Adjusted EBITDA is proportionate with royalty revenue while earnings have been impacted by non-cash impairments, unrealized losses and gains. Adjusted operating cash flow is derived from cash flow from operations and adjusted to include distributions from joint ventures on the basis that the joint venture cash flows form part of our royalty business. The changes in adjusted operating cash flow is generally consistent with royalty revenue as well as interest and taxes paid. During the quarter, royalty revenue was impacted by base metal prices being under pressure from geopolitical concerns, by potash prices and volumes being lower, a lower quarterly dividend declared by LIORC and overall declines in commodity prices.

Net earnings are affected primarily by revenue net of operating expenses as noted above but are also affected by the realization of both cash and non-cash gains or losses on the Corporation's investments, mineral properties and mineral exploration alliances and the equity accounting of some investments. The quarter was negatively impacted by loss and impairment in associates.

### Commitments and Contractual Obligations

The Corporation has obtained various mineral rights in Canada, the United States, and Australia by staking claims and paying refundable security deposits. On these lands, certain expenditures are required on an annual basis from the date of license issuance in order to maintain the licenses in good standing, and for security deposits thereon. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or electing to allow title of the license to be cancelled. In aggregate, the Corporation is required to spend an additional $465,000 by March 31, 2021 in order to maintain its various licenses in good standing.

As at March 31, 2020 the following principal repayments for the Corporation's credit facilities are required over the next 4 years:

IN THOUSANDS OF CANADIAN DOLLARS

| | Term | Revolver | Total |
|---|---|---|---|
| 2020 | $ 20,000 | $ - | $ 20,000 |
| 2021 | 20,000 | - | 20,000 |
| 2022 | 20,000 | - | 20,000 |
| 2023 | 30,000 | 64,011 | 94,011 |
| | $ 90,000 | $ 64,011 | $ 154,011 |

The Corporation has committed to pay, on the anniversary date of November 1, a limited royalty to McChip Resources Inc. of $500,000 per year for the next eight years based on a minimum production and grade threshold at the Rocanville mine. The 2020 payment is due in the fourth quarter of 2020.

The Corporation has committed to investing, in tranches, a total of US$30,000,000 over the next two years as requested by TGE as they achieve certain renewable energy project advancement milestones. As at March 31, 2020 US$14,000,000 has been funded and the Corporation funded an additional US$3,000,000 subsequent to the end of the quarter.

Upon achieving certain milestones related to the vending of projects in Apex's development pipeline, mutual options become exercisable to provide continuing US$10 million tranches of royalty investment.

### Related Party Transactions

During the three months ended March 31, 2020 the Corporation was billed $6,000 by an associate (March 31, 2019 - $6,500) for general administrative expenses.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of members of the Corporation's Board of Directors and five corporate officers, including the Corporation's Executive Chairman, Chief Executive Officer and Chief Financial Officer, as well as two Vice Presidents reporting directly to a corporate officer.

During the three months ended March 31, 2020 the Corporation paid compensation to key management personnel and directors of $1,669,000 (March 31, 2019 - $1,641,200) related to salaries and benefits and incurred $486,000 (March 31, 2019 - $426,000) in share-based compensation costs.

These related party transactions are in the normal course of operations and are measured at fair value, which is the amount of consideration established and agreed to by the related parties. It is management's estimation that these transactions were undertaken under the same terms and conditions as would apply to transactions with non-related parties.

## Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include business combinations, rates for amortization and depletion of the royalty and streaming interests, deferred income taxes, the carrying value and assessment of impairment of mining and other investments, investments in joint ventures and royalty interests, the assumptions used in the determination of the fair value of share based compensation, the assessment of impairment of goodwill and the assumptions used in the determination of the fair value of derivatives for which there is no publicly traded market.

## New Accounting Policies

The Corporation has not adopted any new accounting policies during the three months ended March 31, 2020. The Corporation has adopted the following amendments effective January 1, 2020.

*IFRS 3 – Business combinations*

An amendment to IFRS 3, Business Combinations, effective for annual periods for on or after January 1, 2020 clarifies the definition of a business and provides guidance in determining whether an acquisition is a business combination or a combination of a group of assets. The amendment emphasizes that the output of a business is to provide goods and services to customers and provides supplementary guidance. The Corporation had no material impact upon applying this amendment.

*IAS 1 – Presentation of financial statements*

An amendment to IAS 1, Presentation of Financial Statements, effective for annual periods for on or after January 1, 2020 clarifies the definition of "material" to align the definition used in the Conceptual Framework developed by the IASB and all other accounting standards. Under the amendment, information is defined as "material" if, "omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The Corporation had no material impact upon applying this amendment.

## Internal Control over Financial Reporting

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The certifying officers have evaluated the effectiveness of the Corporation's internal control over financial reporting as of March 31, 2020 and have concluded that such controls are adequate and effective to ensure accurate and complete financial reporting in public filings. The condensed consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the three months ended March 31, 2020. There has been no change in the Corporation's internal control over financial reporting during the Corporation's quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

## Evaluation and Effectiveness of Disclosure Controls and Procedures

The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of March 31, 2020 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

### Risk Factors and Key Success Factors

An investment in securities of the Corporation involves a significant degree of risk that should be considered prior to making an investment decision. In addition to discussions of key success factors and business issues elsewhere in this MD&A, the investor should consider risk factors. Please refer to the annual financial statements and MD&A for the year ended December 31, 2019 for a complete listing of risk factors specific to the Corporation. The following risk, while disclosed in the year end MD&A, has been identified in the current period as critical.

#### *COVID-19*

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred during the quarter 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. Potential impacts could include an adverse affect on the economies and financial markets of many countries, resulting in an economic downturn which could adversely affect the Corporation’s business and the market price of the common shares. Many industries, including the mining industry have been impacted by these market conditions. The continuation of increased levels of volatility or the destabilization of global economies may result in a material adverse effect on commodity prices, demands for metals, availability of credit, investor confidence and general financial market liquidity, all of which may adversely affect the Corporation’s business and the market prices of the Corporation’s securities.

In addition, there may not be an adequate response to emerging infectious diseases, or significant restrictions may be imposed by a government, either of which may impact the Corporation and the underlying mining operations. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions, including quarantines, declaration of national emergencies, permanent changes in taxation or policies, decreased demand or the inability to sell and deliver concentrates and resulting commodities, declines in the price of commodities, delays in permitting or approvals, suspensions or mandated shut downs of operations, governmental disruptions or other unknown but potentially significant impacts. At this time the Corporation cannot accurately predict what effects these conditions will have on its operations or financial results, due to uncertainties relating to the ultimate geographic spread, the duration of the outbreak, and the length restrictions or responses that have been or may be imposed by various governments. Any outbreak or threat of an outbreak of a contagion or epidemic disease could have a material adverse effect on the Corporation, its business and operational results.

### Outstanding Share Data

At May 11, 2020 the Corporation had 41,643,496 common shares outstanding, 7,070,000 warrants outstanding and 1,134,404 stock options outstanding.

### Non-IFRS Measures

Attributable royalty and other revenue (“attributable revenue”), adjusted EBITDA and adjusted operating cash flow are intended to provide additional information only and does 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. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. For a reconciliation of these measures to various IFRS measures, please see the Corporation’s MD&A disclosure below. Tabular amounts are presented in thousands of Canadian dollars.

1. Attributable revenue is defined by the Corporation as total revenue and other income from the consolidated financial statements plus the Corporation’s proportionate share of gross royalty revenue in the joint ventures. The Corporation’s key decision makers use attributable royalty revenue and related attributable royalty expenses as a basis to evaluate the business performance. The

attributable royalty revenue amounts, together with amortization of royalty interests, general and administrative costs and mining tax, are not reported gross in the consolidated statement of earnings (loss) since the royalty revenues are being generated in a joint venture and IFRS 11 Joint Arrangements requires net reporting as an equity pick up. The reconciliation to IFRS reports the elimination of the attributable revenues and reconciles to the revenues recognized in the consolidated statements of earnings (loss). Attributable revenue per share is derived by using the basic weighted average number of shares for the period as the denominator.

2. Adjusted operating cash flow is defined as cash provided (used) in operations adjusted for inclusion of the cash distributions received from joint ventures. Adjusted operating cash flow is a useful measure to assess the ability of the Corporation to generate cash from its operations. Adjusted operating cash flow per share is derived by using the basic weighted average number of shares for the period as the denominator.

3. Adjusted EBITDA is defined by the Corporation as net earnings (loss) before taxes, amortization, interest, non-recurring items, non-cash amounts such as impairment, losses and gains, and share based compensation. The Corporation also adjusts earnings in joint ventures to reflect EBITDA on those assets which exclude amortization of royalty interests as well as adjusting for any one time items. Adjusted EBITDA is a useful measure of the performance of our business, especially for demonstrating the impact that EBITDA in joint ventures have on the overall business. Adjusted EBITDA identifies the cash generated in a given period that will be available to fund the Corporation's future operations, growth opportunities, shareholder dividends and to service debt obligations. Adjusted EBITDA per share is derived by using the basic weighted average number of shares for the period as the denominator.

Below are the eight most recent quarter reconciliations.

IN THOUSANDS OF CANADIAN DOLLARS

| Reconciliation to IFRS measures Attributable revenue | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
|---|---|---|---|---|
| Revenue | | | | |
| Attributable royalty | $ 16,279 | $ 17,497 | $ 19,231 | $ 19,533 |
| Project generation | - | 60 | 25 | 5 |
| Attributable revenue | 16,279 | 17,557 | 19,256 | 19,538 |
| Adjust: joint venture revenue | (3,230) | (4,172) | (3,674) | (4,353) |
| IFRS revenue per consolidated financial statements | $ 13,049 | $ 13,385 | $ 15,582 | $ 15,185 |

| Reconciliation to IFRS measures Attributable revenue | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|---|---|---|---|---|
| Revenue | | | | |
| Attributable royalty | $ 21,844 | $ 17,615 | $ 17,084 | $ 16,543 |
| Project generation | 9 | 297 | 550 | 214 |
| Attributable revenue | 21,853 | 17,912 | 17,634 | 16,757 |
| Adjust: joint venture revenue | (4,780) | (4,545) | (3,953) | (3,965) |
| IFRS revenue per consolidated financial statements | $ 17,073 | $ 13,367 | $ 13,681 | $ 12,792 |

IN THOUSANDS OF CANADIAN DOLLARS

| Adjusted operating cash flow | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
|---|---|---|---|---|
| Adjusted operating cash flow | $ 13,228 | $ 9,442 | $ 14,368 | $ 11,849 |
| Adjust: distributions to (from) joint ventures | (4,061) | (3,550) | (4,319) | (4,698) |
| IFRS operating cash flows | $ 9,167 | $ 5,892 | $ 10,049 | $ 7,151 |

| Adjusted operating cash flow | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|---|---|---|---|---|
| Adjusted operating cash flow | $ 8,418 | $ 9,776 | $ 7,355 | $ 9,489 |
| Adjust: distributions from joint ventures | (4,115) | (3,601) | (3,966) | (4,744) |
| IFRS operating cash flows | $ 4,303 | $ 6,175 | $ 3,389 | $ 4,745 |

IN THOUSANDS OF CANADIAN DOLLARS

| Reconciliation to IFRS measures Adjusted EBITDA | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
|---|---|---|---|---|
| Earnings (loss) before income taxes | $ (1,019) | $ 9,034 | $ 6,166 | $ (2,881) |
| Addback(deduct): | | | | |
| Amortization and depletion | 3,915 | 4,014 | 4,061 | 3,801 |
| Exploration and evaluation assets abandoned or impaired | 70 | 35 | - | 9,004 |
| Share based compensation | 486 | 382 | 544 | 663 |
| Interest on long-term debt | 1,899 | 2,018 | 1,982 | 2,092 |
| Unrealized (gain) loss on fair value adjustment of derivatives | 829 | 54 | (60) | (955) |
| Dilution gain on issuance of shares in associates | - | - | (1,114) | (1,199) |
| Share of (earnings) loss and impairment in associates | 4,004 | 751 | 884 | 903 |
| (Earnings) loss from joint ventures | (1,638) | (2,463) | (869) | 673 |
| LNRLP EBITDA (1) | 99 | 219 | 291 | 202 |
| Prairie Royalties EBITDA (2) | 3,107 | 3,808 | 3,313 | 4,093 |
| Impairment of goodwill & royalty interest | - | - | - | - |
| Foreign currency (gain) loss | 971 | 22 | 43 | (52) |
| Gain on disposal of royalty interest | - | (4,250) | - | - |
| Adjusted EBITDA | $ 12,723 | $ 13,624 | $ 15,241 | $ 16,344 |
| | | | | |
| **(1) LNRLP EBITDA** | | | | |
| Revenue | $ 127 | $ 337 | $ 369 | $ 252 |
| Mining taxes | (25) | (63) | (78) | (50) |
| Admin charges | (3) | (55) | - | - |
| LNRLP Adjusted EBITDA | $ 99 | $ 219 | $ 291 | $ 202 |
| | | | | |
| **(2) Prairie Royalties EBITDA** | | | | |
| Revenue | $ 3,103 | $ 3,835 | $ 3,305 | $ 4,101 |
| Operating income (expenses) | 4 | (27) | 8 | (8) |
| Prairie Royalties Adjusted EBITDA | $ 3,107 | $ 3,808 | $ 3,313 | $ 4,093 |

IN THOUSANDS OF CANADIAN DOLLARS

| Reconciliation to IFRS measures Adjusted EBITDA | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 |
|---|---|---|---|---|
| Earnings before income taxes | $ 8,100 | $ (12,701) | $ 7,746 | $ 6,647 |
| Addback(deduct): | | | | |
| Amortization | 3,753 | 3,495 | 4,239 | 3,805 |
| Exploration and evaluation assets abandoned or impaired | - | 195 | 576 | 4 |
| Share based compensation | 426 | 327 | 505 | 774 |
| Interest on long-term debt | 2,035 | 2,038 | 2,058 | 2,634 |
| Gain on disposal of investments & impairment recognition | (103) | - | - | - |
| Unrealized (gain) loss on fair value adjustment of derivatives | 345 | 4,098 | 56 | (1,897) |
| Dilution gain on issuance of shares by associates | - | (257) | (2,025) | - |
| Share of loss and impairment in associates | 1,219 | 1,390 | (316) | 150 |
| (Earnings) loss from joint ventures | (3,744) | 566 | (2,734) | (3,006) |
| LNRLP EBITDA (1) | 237 | 278 | 22 | (103) |
| Prairie Royalties EBITDA (2) | 4,462 | 3,786 | 3,601 | 3,964 |
| Impairment of goodw ill | - | 10,810 | - | - |
| Foreign currency loss | 629 | (642) | 153 | 60 |
| Adjusted EBITDA | $ 17,359 | $ 13,383 | $ 13,881 | $ 13,032 |
| **(1) LNRLP EBITDA** | | | | |
| Revenue | $ 297 | $ 622 | $ 351 | $ - |
| Mining taxes | (60) | (124) | (70) | - |
| Admin charges | - | (220) | (259) | (103) |
| LNRLP Adjusted EBITDA | $ 237 | $ 278 | $ 22 | $ (103) |
| **(2) Prairie Royalties EBITDA** | | | | |
| Revenue | $ 4,483 | $ 3,923 | $ 3,602 | $ 3,965 |
| Operating expenses | (21) | (137) | (1) | (1) |
| Prairie Royalties Adjusted EBITDA | $ 4,462 | $ 3,786 | $ 3,601 | $ 3,964 |

### Appendix 1 – Summary of Producing Royalties and Streaming Interests

| Mine / Project | Primary Commodity | Operator | Revenue Basis |
|---|---|---|---|
| Chapada | Copper | Lundin Mining | 3.7% of payable copper stream |
| 777 | Zinc, Copper, Gold & Silver | Hudbay Minerals | 4% Net smelter return ("NSR") |
| Genesee | Coal (Electricity) | Westmoreland/Capital Power Corporation | Tonnes x indexed multiplier |
| Sheerness | Coal (Electricity) | Westmoreland/ATCO/TransAlta | Tonnes x indexed multiplier |
| Paintearth | Coal (Electricity) | Westmoreland/ATCO | Tonnes x indexed multiplier |
| Highvale | Coal (Electricity) | TransAlta | Tonnes x indexed multiplier |
| Cheviot | Metallurgical Coal | Teck | 2.5% effective net revenue |
| Rocanville | Potash | Nutrien | Revenue |
| Cory | Potash | Nutrien | Revenue |
| Allan | Potash | Nutrien | Revenue |
| Patience Lake | Potash | Nutrien | Revenue |
| Esterhazy | Potash | Mosaic | Revenue |
| Vanscoy | Potash | Nutrien | Revenue |
| Voisey's Bay | Nickel, Copper, Cobalt | Vale | 0.3% NSR |
| IOC | Iron | Iron Ore Company of Canada | 7% Gross Overriding Royalty ("GOR")* |
| Carbon Development | Potash, other | Various | Revenue |
| Clyde River | Renewable Energy | Gravity Renewables | Revenue |

** Held indirectly through common shares of Labrador Iron Ore Royalty Corporation*

**Appendix 2 – Summary of Exploration and Pre-Development Stage Royalties**

| PRE-FEASIBILTY/FEASIBILITY/DEVELOPMENT | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer/Developer | Royalty Basis | Status |
| Gunnison | Copper | Excelsior Mining Corp. | 1.625% GSR | Construction completed, commissioning temporarily suspended |
| Kami (Labrador) | Iron | Alderon Iron Ore Corp | 3% GSR | Updated feasibility study |
| Curipamba (Ecuador) | Copper | Adventus Mining Corporation | 2% NSR | PEA completed |
| Tres Quebradas (3Q) (Argentina) | Lithium | Neo Lithium Corp. | 0.1% GSR | PEA completed |
| Telkw a (British Columbia) | Met Coal | Allegiance Coal Limited | 1.5-3% price based sliding scale GSR | Definitive feasibility study completed and permitting underw ay |
| ADVANCED EXPLORATION | | | | |
| Property | Primary Commodity | Explorer/Developer | Royalty Basis | Status |
| Viking (New foundland) | Gold | Anaconda Mining Inc | 2% NSR, plus 1-1.5% royalties on surrounding lands | Advanced Exploration; inactive |
| Central Mineral Belt (Labrador) | Copper | Paladin Energy Ltd | 2% NSR on all minerals except uranium | Advanced Exploration; inactive |
| Grota de Cirilo (Brazil) | Lithium | Sigma Lithium Resources | 0.1% GOR* | Advanced exploration |
| Stellar (Alaska) | Copper | PolarX Ltd | 2% NSR on gold; 1% NSR on base metals | Resource delineation |
| Silicon (Nevada) | Gold | Renaissance Gold Inc / Anglo Gold Ashanti NA | 1.5% NSR | Advanced Exploration |
| Pickett Mountain (Maine, USA) | Zinc, lead, copper, silver | Wolfden Resources Corp | 1.35% GSR | 43-101 Resource recently published |

* *net of mandatory government and social contribution deductions from gross sales*

| EXPLORATION | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer or Developer | Royalty Basis | Status |
| Llano del Nogal (Mexico) | Copper | Evrim Resources Corp | 1.5% NSR on PM; 1.0% NSR on BM | Early-stage exploration |
| Cuale (Mexico) | Copper | Evrim Resources Corp | 1.5% NSR on PM; 1.0% NSR on BM | Early-stage exploration |
| Jupiter (Nevada) | Gold | Renaissance Gold Inc | 1.0% NSR | Early-stage exploration |
| Kingscourt, Rathkeale (Republic of Ireland) | Zinc | South 32 Base Metals Ireland | 2% NSR on each Project | Exploration |
| Arcas, Lia, Timon, Quiltro (Chile) | Copper | Rio Tinto | 0.98% GSR | Exploration |
| Cape Ray (Newfoundland) | Gold | Cape Ray Mining Limited | 2.0% NSR | Exploration |
| Lismore, Fermoy (Republic of Ireland) | Zinc | BMEx Ltd | 2% NSR on each project | Exploration |
| Gibson (British Columbia) | Gold | Canex Metals Inc | Option to acquire a 1.5% NSR | Exploration |
| Buchans (Newfoundland) | Zinc | Canstar Resources Inc | 2% NSR on each Project | Exploration |
| Daniel's Harbour (Newfoundland) | Zinc | Canstar Resources Inc | 2% NSR | Exploration |
| Vidalita, Jotahues (Chile) | Gold | Emu NL | 0.49% NSR | Exploration |
| Saint Patrick (Spain) | Cobalt | LRH Resources Ltd | 2% GSR | Exploration |
| Mythril (Quebec) | Copper, Gold | Midland Exploration Inc | 1% NSR | Exploration |
| Elrond, Gondor, Helm's Deep, Minas Tirith, Fangorn (Quebec) | Gold | Midland Exploration Inc | 1% NSR | Exploration |
| Moria (Quebec) | Nickel | Midland Exploration Inc | 1% NSR | Exploration |

| EXPLORATION | | | | |
|---|---|---|---|---|
| Property | Primary Commodity | Explorer or Developer | Royalty Basis | Status |
| Shire (Quebec) | Zinc | Midland Exploration Inc | 1% NSR | Exploration |
| Copper Range (Michigan) | Copper | N/A | Option to acquire 1% NSR held by a third party | Exploration |
| Voyageur (Michigan) | Nickel | N/A | 2% NSR | Exploration |
| Loro en el Hombro (Chile) | Copper | Revelo Resources Corp | 0.98% NSR on gold; 0.49% NSR on base metals | Exploration |
| Moosehead (Newfoundland) | Gold | Sokoman Minerals Corp | 2% NSR | Exploration |
| Iron Horse (Labrador) | Iron | Sokoman Minerals Corp | 1% GSR; option to acquire additional 1.1% GSR | Exploration |
| Sulieman, Buckingham, Smoky (Australia) | Zinc | Teck Australia Pty | 1% GSR | Exploration |
| Point Leamington (Newfoundland) | Zinc | Callinex Mines Inc. | 2% NSR | Exploration |
| Goethite Bay (Labrador) | Iron Ore | High Tide Resources Corp. | 2.75% GSR on iron ore; 2.75% NSR on all other minerals | Exploration |
| Sheerness West - CDC (Alberta) | Thermal Coal | Westmoreland Coal Company | Tonnes x indexed multiplier | Exploration |