



November 08, 2023 | St. John's, Newfoundland

Altius Reports Q3 2023 Attributable Royalty Revenue of \$17.8M and Adjusted Earnings⁽¹⁾ of \$2.6M

All references in thousands of Canadian dollars, except per share amounts, unless otherwise indicated

Altius Minerals Corporation (TSX: ALS; OTCQX: ATUSF) (“Altius” or the “Corporation”) reports third quarter revenue of \$15.2 million compared to \$25.9 million for the same period in 2022, while attributable royalty revenue⁽¹⁾ of \$17.8 million (\$0.38 per share⁽¹⁾) compares to \$26.2 million (\$0.55 per share) reported in Q3 2022.

Brian Dalton, CEO commented, “Third quarter revenue primarily reflects substantially lower realized potash prices relative to the record levels of last year as well as the scheduled closure of the 777 mine in 2022. We continue to believe that most prices remain below those required to incentivize growth investment and to offset projected market supply-demand deficits over coming periods. Despite the continued weakness in prices, positive progress at several potential development and expansion based assets continued during the quarter, as noted in the quarterly highlights below.”

Quarterly Highlights

- AngloGold Ashanti (“AGA”) provided an update on August 4th on the rebranded ‘Expanded Silicon Project’, which now includes both the Silicon and Merlin gold deposits. AGA has stated an exploration target for Merlin of 6 to 8 million ounces that is in addition to the more than 4 million ounce inferred resource estimate that it has published for Silicon. An initial Inferred Mineral Resource estimate for Merlin and a pre-feasibility study for the Expanded Silicon Project that considers ‘synergies from the increased economy of scale and integrated infrastructure, with potential for large scale mining’ are expected to be completed by year end. Altius holds a 1.5% NSR royalty related to the project.
- The Corporation recognized its first ever royalty revenue related to lithium production from its ownership interest in Grota do Cirilo.
- ARR Q3 royalty revenue of \$2.6 million was up 27% from the same quarter last year, as a result of continued renewable royalty portfolio growth and stronger power prices experienced due to warmer summer weather and increased power demand. Included in ARR's financial results is a \$2.9 million loss in joint venture associated with Great Bay Renewables equity investment in an early-stage renewable energy development entity. In addition, ARR recently announced that the jointly controlled entity Great Bay Renewables closed a US\$247 million credit facility that will enable it to continue to grow its renewable royalty business on a non dilutive basis.
- Coal related royalty revenue is expected to end by year end as the Genesee power plant completes its conversion to natural gas based fuelling.
- IOC has reduced their production guidance for the remainder of 2023 following extended plant downtime and conveyor belt failures while also recovering from wildfires in northern Quebec.
- Nutrien has indicated a strong third quarter rebound in potash fertilizer demand, led by North American and Brazilian growers, and increased its full year 2023 and 2024 global shipment expectation guidance. The decrease in potash prices from prior year record levels appears to have stabilized and prices are expected to increase slightly throughout the third quarter in certain key markets.
- Mosaic announced an increase in total nameplate capacity to 7.8 million tons at the Esterhazy potash mine, which compares to 6 million tons in 2022. Further debottlenecking at Esterhazy is expected to add an additional 400kt of capacity.
- Lundin Mining continued an aggressive delineation and expansion drilling program at the Sàuva copper discovery within the Chapada district. It has commented that it expects the work to result in increasing resource estimates in coming periods while ongoing expansion study work continues.

- Champion Iron continued to progress updated feasibility studies concerning the potential development of the Kami Iron Ore project in the Labrador Trough with full results expected later this year or early next year. Altius holds a 3% gross sales royalty on the Kami project.

Adjusted EBITDA⁽¹⁾ of \$12.5 million or \$0.26 per share⁽¹⁾ during Q3 2023 compares to \$23.7 million or \$0.50 per share during the prior year quarter. The adjusted EBITDA margin in the third quarter was 69% versus 84% in last year's comparable quarter reflecting lower revenue against relatively stable fixed costs. The Mineral Royalties segment had an EBITDA margin of 76% and 87% for the current and prior year quarters, respectively.

Q3 2023 adjusted operating cash flow⁽¹⁾ of \$11.0 million or \$0.23 per share⁽¹⁾ compares to \$25.9 million or \$0.54 per share in last year's comparable quarter. The decrease is largely reflective of higher taxes and interest paid as well as lower royalty revenues.

Net earnings of \$3.5 million or \$0.08 per share for Q3 2023 compares to net earnings of \$11.5 million or \$0.22 per share in Q3 2022. Loss in joint venture includes \$2.9 million of losses associated with Great Bay Renewables equity investment in an early-stage renewable energy development entity reflecting increased levels of expenses with minimal offsetting revenues. Adjusted net earnings per share⁽¹⁾ of \$0.05 in the current quarter compares to adjusted net earnings per share of \$0.20 per share in Q3 2022. The main adjusting items in the third quarter of this year are unrealized gains on derivatives related to the revaluation of share purchase warrants on junior mining equities, foreign exchange losses, and gains on disposal of mineral properties.

Adjusted Net Earnings	Three months ended	
	September 30, 2023	September 30, 2022
Net earnings attributable to common	\$ 3,703	\$ 10,712
Addback (deduct):		
Unrealized gain on fair value adjustment of derivatives	(1,471)	(843)
Foreign exchange loss	460	2,196
Gain on disposal of mineral property	(276)	–
Non-recurring other income	–	(2,070)
Tax impact	166	(223)
	\$ 2,582	\$ 9,772

Portfolio Performance

The following table summarizes the attributable royalty revenue:

Summary of attributable royalty revenue	Three months ended		
	September 30, 2023	June 30, 2023	September 30, 2022
Base and battery metals	4,231	\$ 4,834	\$ 5,535
Potash	3,869	6,081	10,276
Iron Ore [#]	3,553	2,431	3,740
Thermal (electrical) coal	2,000	2,626	3,768
Renewable energy	2,648	1,310	2,089
Interest and other	1,507	1,416	827
Attributable royalty revenue	\$ 17,808	\$ 18,698	\$ 26,235

(#) Labrador Iron Ore Royalty Corporation dividends

Base and battery metals contributed \$4.2 million to revenue compared to \$5.5 million in Q3 2022. Revenue decreased compared to the third quarter of 2022 as a result of the scheduled closure of the 777 mine at the end of June 2022, as well as lower copper stream deliveries from Chapada.

At Chapada, the operator has increased full year copper production guidance to a range of 45,000-48,000 tonnes due to an expected improvement in grade and recovery profiles in the latter part of the year. Revenues during the third quarter were however impacted by the timing of sales relative to production and lower throughput and scheduled grades. Studies relating to mine and plant expansion continued during the quarter and 11,713 metres of drilling were completed at the recent high-grade Saúva discovery and at near-mine targets.

At Voisey's Bay, nickel production decreased by 19% year over year mainly due to the continued transitioning of Voisey's Bay production to two new underground mines from a previous single open pit. The operator has noted that it expects underground operations to deliver ramped up production levels beginning from the third quarter of 2024.

The Corporation recognized its first ever lithium based royalty revenue as Phase 1 production continued to ramp up and obtain premium quality product pricing at the Grota do Cirilo mine during the third quarter. The operator also continues to advance its planned Phase 2 and 3 expansion programs while also announcing that recent ongoing exploration efforts indicate the potential for an approximately 25% increase in overall project mineral resources.

Potash royalty revenue of \$3.9 million in Q3 2023 decreased from \$10.3 million reported during the comparable quarter last year mainly reflecting lower average realized prices versus prior year record levels. Attributable royalty volumes were slightly lower for the quarter as compared to 2022 reflecting the timing of annual maintenance programs and impacts of curtailment at the Cory and Rocanville mines. Nutrien has reported that it has increased its current year forecast for global potash shipments to 65-67 million tonnes on the strength of increased second half demand and has also noted its expectation for 2024 global shipments to increase to a range of 67 - 71 million tonnes.

Iron ore royalty revenue, in the form of dividends received from Labrador Iron Ore Royalty Corporation ("LIORC"), of \$3.6 million was received in Q3 2023 compared to \$3.7 million in the third quarter of 2022. Operations at IOC were impacted by extended plant downtime, a conveyor belt failure and regional wildfires that have collectively resulted in reduced full year production guidance to 15.8 - 16.7 million tonnes from 17.0 -18.7 million tonnes previously. Average Q3 2023 high grade fines and pellet prices were down 8% and 10% respectively over the same quarter in 2022.

Champion is expected to announce the results of an updated feasibility study for the Kami project towards the end of the current year or early next. It has recently commented that its test work to date has indicated the project's amenability to delivering a globally rare premium grade product that is suitable to serve the rapidly growing Electric Arc Furnace based steel making segment. Altius holds a 3% gross sales royalty interest in the Kami project.

Thermal coal royalty revenue of \$2.0 million was received in Q3 2023 compared to \$3.8 million during the third quarter of last year reflecting lower attributable production volumes at the Genesee Mine that were offset by a higher inflation-linked royalty rate. The operator of the Genesee power plant continues to convert to natural gas based fuelling and the Corporation expects to receive no further royalty revenue related to coal mining beyond the current year.

Altius Renewable Royalties Corp. ("ARR") (ARR: TSX) released its Q3 2023 results on November 6, 2023 [ARR Q3 2023 Results](#). Over the past several years the Corporation has been actively allocating the remainder of its coal based royalty revenues into supporting the growth of 58% owned Altius Renewable Royalties. ARR reported that Q3 2023 attributable royalty revenue continues to ramp up, reaching US\$1.9 million (~C\$2.6 million) as compared to US\$1.6 million in the prior year quarter. This represents the first period in which renewable energy based attributable royalty revenue has eclipsed coal based revenue within the portfolio.

The increase reflects recently acquired operating stage royalties as well as the commencement of operations at two previously acquired development stage projects. Electricity prices have increased in the current quarter due to warm weather and increased power demand in certain of the markets in which the GBR joint venture (50% ARR / 50% Apollo) has operating stage royalty interests. ARR also indicated that the joint venture continues to advance a strong pipeline of new royalty investment opportunities and subsequent to quarter end the GBR joint venture entered into an up to US\$247 million credit facility to support the potential funding of these opportunities. Further details regarding ARR and its activities can be found in the ARR MD&A and financial statements.

Liquidity and Capital Allocation Summary

Cash and cash equivalents at September 30, 2023 were \$67.2 million, compared to \$82.4 million at the end of 2022. Cash, excluding \$51.0 million held by ARR, was \$16.2 million.

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

- \$158.9 million for shares of ARR (including the in-the-money value of share purchase warrants)
- \$120.2 million for shares of LIORC
- \$50.5 million for the value of the indirectly held interest in the shares of Lithium Royalty Corporation
- \$44.6 million for publicly traded shares held within the Project Generation equity portfolio.

During the quarter, the Corporation made scheduled debt repayments of \$2.0 million and paid cash dividends of \$3.6 million. The Corporation also expended \$5.7 million during the period in the repurchase and cancellation of 274,600 shares under its Normal Course Issuer Bid. At September 30, 2023 the Corporation carried a balance of \$34.0 million under its fixed rate term debt facility and \$81.6 million under its floating rate revolving credit facilities.

Dividend Declaration

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

This dividend is eligible for payment in common shares under the Dividend Reinvestment Plan (DRIP) announced by press release May 20, 2020, and available to shareholders who are Canadian residents or residents of countries outside the United States.

In order to be eligible to participate in respect of the December 15, 2023 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by November 24, 2023, five business days prior to record date. Stock market purchases made under the DRIP for the December 15, 2023 payment will be satisfied by issuance from treasury at the 5 day volume weighted average price ending at the close of trading the day before payment date. Shareholders who have already provided instruction to be enrolled previously will continue to be enrolled unless they direct otherwise. For more information, please see <https://altiusminerals.com/investor-information/dividend-reinvestment-plan/>. Participation in the DRIP is optional and will not impact any cash dividends payable to shareholders who do not elect to participate in the DRIP. The declaration, timing and payment of future dividends will largely depend on the Corporation's financial results as well as other factors. Dividends paid by Altius on its common shares are eligible dividends for Canadian income tax purposes unless otherwise stated.

Non GAAP Financial Measures

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

Third Quarter 2023 Financial Results Conference Call and Webcast Details

Date: November 09, 2023

Time: 9:00 AM ET

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

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

Conference Call Title and ID: Altius Minerals Q3 2023 Financial Results, ID 46475901

Webcast Link: [Q3 2023 Financial Results](#)

About Altius

Altius's strategy is to create per share growth through a diversified portfolio of royalty assets that relate to long life, high margin operations. This strategy further provides shareholders with exposures that are well aligned with sustainability-related global growth trends including the electricity generation transition from fossil fuel to renewables, transportation electrification, reduced emissions from steelmaking and increasing agricultural yield requirements. These macro-trends each hold the potential to cause increased demand for many of Altius's commodity exposures including copper, renewable based electricity, several key battery metals (lithium, nickel and cobalt), clean iron ore, and potash. In addition, Altius runs a successful Project Generation business that originates mineral projects for sale to developers in exchange for equity positions and royalties. Altius has 47,227,903 common shares issued and outstanding that are listed on Canada's Toronto Stock Exchange. It is included in each of the S&P/TSX Small Cap, the S&P/TSX Global Mining, and the S&P/TSX Canadian Dividend Aristocrats indices.

Forward-looking information

This news release contains forward-looking information. The statements are based on reasonable assumptions and expectations of management and Altius provides no assurance that actual events will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Although Altius believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those projected. Readers should not place undue reliance on forward-looking information. Altius does not undertake to update any forward-looking information contained herein except in accordance with securities regulations.

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