



May 10, 2022 | St. John's, Newfoundland

Altius Reports Q1 2022 Attributable Royalty Revenue of \$25.5M and Adjusted Earnings^(1,2) of \$8.8M

Altius Minerals Corporation (TSX: ALS; OTCQX: ATUSF) (“Altius” or the “Corporation”) reports first quarter revenue of \$27.1 million compared to \$17.5 million for the same period in 2021. Q1 2022 attributable royalty revenue^(1,2) of \$25.5 million (\$0.62 per share^(1,2)) was 44% higher than the \$17.8 million (\$0.43 per share) reported for the comparable quarter in 2021. These figures represent quarterly revenue records for the Corporation, mainly based upon higher realized commodity prices.

Adjusted EBITDA^(1,2) of \$23.6 million or \$0.57 per share^(1,2) during Q1 2022 increased by 62% compared to \$14.6 million or \$0.35 per share during the prior year quarter. The adjusted EBITDA margin in the first quarter was 83% versus 80% in last year's comparable quarter. The increase in adjusted EBITDA follows the increase in attributable revenue but was partially offset by an increase in public company related expenses within the Renewable Royalties segment, in which Altius Renewable Royalties Inc. completed its initial public offering in March 2021. The Mineral Royalties segment had an EBITDA margin of 86% for the current and prior year quarters.

Q1 2022 adjusted operating cash flow^(1,2) of \$14.2 million or \$0.35 per share^(1,2) compares to \$8.8 million or \$0.21 per share in last year's comparable quarter. Adjusted operating cash flow benefitted from increased revenues offset by timing of cash income taxes paid.

Adjusted operating cash flow does not include net cash proceeds or acquisition costs (sales minus new investments) related to the Corporation's Project Generation junior mining equities portfolio. During the quarter new Project Generation investments exceeded equity sales for a net cost of \$1.4 million. In the same period in 2021, equity sales exceeded investments by \$2.5 million. The Project Generation business also recognized investment and other revenue of \$3.0 million during the current quarter compared to \$0.4 million for the same period last year, and recognized gains on disposal of mineral properties of \$1.0 million from the sale of four mineral properties (2021 - \$nil).

Net earnings of \$12.5 million or \$0.29 per share for Q1 2022 compares to net earnings of \$11.8 million or \$0.28 per share in Q1 2021. Adjusted net earnings per share^(1,2) of \$0.21 in the current quarter compares to adjusted net earnings per share of \$0.15 per share in Q1 2021. The main adjusting items in the first quarter of this year are \$2.9 million in non-recurring other income from its investment in Chile (\$0.07 per share), gains on disposal of mineral properties of \$1.0 million (\$0.02 per share) as well as other adjusting items for unrealized losses on derivatives related to the revaluation of share purchase warrants on junior mining equities compared to unrealized gains in the prior year's quarter. Q1 2021 also included adjustments for certain gains on equity investments and joint ventures.



Adjusted Net Earnings	Three months ended	
	March 31, 2022	March 31, 2021
Net earnings attributable to common	\$ 12,088	\$ 11,663
Addback (deduct):		
Unrealized loss (gain) on fair value adjustment of derivatives	313	(4,224)
Foreign exchange gain	(539)	(629)
Non-recurring other income	(2,878)	-
Gain on disposal of mineral property	(996)	-
Gain on equity investments and joint ventures ⁽¹⁾	-	(1,784)
Tax impact	841	1,097
Adjusted net earnings	\$ 8,829	\$ 6,123
Adjusted net earnings per share	\$ 0.21	\$ 0.15

⁽¹⁾ Includes the following items from the consolidated statement of net earnings (loss): (loss) earnings from joint ventures, gain on loss of control of subsidiary, dilution gain on issuance of shares by an associate and joint venture, and gain on reclassification of an associate.

Portfolio Performance

The following table summarizes the attributable royalty revenue:

Summary of attributable royalty revenue	Q1 2022	Q4 2021	Q1 2021
(in thousands of Canadian dollars)			
Base and battery metals	\$ 9,960	\$ 11,329	\$ 7,627
Potash	9,903	6,907	4,072
Iron ore ⁽¹⁾	1,437	3,305	2,874
Thermal (electrical) coal	3,113	1,421	2,984
Other royalties and interest	1,079	494	203
Attributable royalty revenue	\$ 25,492	\$ 23,456	\$ 17,760

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

⁽¹⁾ Labrador Iron Ore Royalty Corporation dividends received

Base and battery metals was the largest contributor to Q1 2022 revenue, providing \$10.0 million compared to \$7.6 million in Q1 2021. Copper stream deliveries from Chapada benefitted from higher production and sales levels in the current quarter versus the year ago period, as well as the timing of sales that included amounts received in the current quarter relating to prior quarter production.

Lundin Mining, the mine operator, continues to evaluate an expansion at Chapada with study results expected later this year. Lundin Mining also continues to report drill results that indicate continuing increases to the mineralized footprint at the new Saúva discovery.

Royalty revenue from the Voisey's Bay nickel-copper-cobalt mine was similar to that of the first quarter of 2021 as lower production volumes were offset by higher realized prices. Production volumes were lower in the current quarter due to the planned transition from the open pit Ovoid mine to new underground operations at Reid Brook and Eastern Deeps. Initial production has commenced from Reid Brook, while production from the Eastern Deeps deposit is targeted to commence in the second half of 2022.

Sales volumes at 777 were negatively impacted by labour and weather related rail availabilities



during the quarter, which the mine operator expects to normalize in Q2 2022. The mine is scheduled to close later this year.

A nominal payment from Gunnison was recorded in the quarter, while the operator continues to re-engineer wellfield ramp-up towards a goal of achieving Phase 1 commercial production of 25 million pounds of copper cathode per year.

Milestones announced during the quarter relating to pre-production stage base and battery metal royalty interests held by the Corporation included the completion of a comprehensive project financing package for the Curipamba polymetallic project by Adventus Mining, updated positive feasibility study results for the construction stage Grota do Cirilo lithium project by Sigma Lithium and the commencement of construction of the Tres Quebradas lithium project by Zijin Mining.

Potash royalty revenue of \$9.9 million in Q1 2022 is up 143% from the comparable quarter last year when revenue of \$4.1 million was reported. Realized potash prices of C\$925/tonne were up 157% over realized prices of C\$360/tonne last year. The stronger prices were offset by slightly lower royalty volumes than in the comparable quarter of last year. Potash market price increases have continued throughout the first quarter with these expected to be reflected in realized prices during coming quarters due to normal lag impacts. A portion of total global potash demand in 2022 is now widely expected to be unmet due to geopolitical related supply constraints.

The Mosaic Company has announced that the full ramp up of the K3 mining area of the Esterhazy Mine to an annual run rate of 5.5 million tonnes was completed by the end of the quarter, following the transition from the K1 and K2 areas mid last year. It has also noted that it is planning near-term debottlenecking investments to further increase production at Esterhazy.

Nutrien has reported that it expects to increase potash sales volume during 2022 to a range of 14.5 to 15.1 million tonnes (2021: 13.6 million tonnes) across its portfolio of mines. Nutrien has not specified its planned production increases on a per mine basis to date; however, most of Nutrien's mines are subject to the Corporation's royalties.

Iron ore royalty revenue of \$1.4 million was received in Q1 2022 compared to \$2.9 million in the first quarter of 2021. The decrease related to a lower equity dividend paid by Iron Ore Company of Canada ("IOC") as it guided towards an increased annual sustaining and growth capital budget for the current year, as well as on lower quarterly sales volumes relative to production. In April, Rio Tinto announced that in the first quarter of 2022 IOC had total saleable iron ore production of 4.1 million tonnes, comprised of 2.5 million tonnes of pellets and 1.6 million tonnes of concentrate for sale but completed a lower volume of sales during the quarter of 3.4 million tonnes total, comprised of 1.0 million tonnes concentrate and 2.4 million tonnes pellets.

Champion Iron also continued to progress its updated feasibility and rescoping studies related to the Kami Project, which is located nearby to its Bloom Lake Mine and is subject to a 3% GSR royalty in favor of Altius. It expects to provide updated study results during the second half of the year.

Thermal coal royalty revenue of \$3.1 million was received in Q1 2022 compared to \$2.9 million during the first quarter of last year reflecting higher production levels at a slightly higher inflation adjusted royalty rate. The Genesee power plant operated at near full capacity during the quarter following the completion of repairs to one of the 3 generating units in December of 2021. Operator Capital Power is continuing investments to repower its Genesee plant to natural gas fired units and is targeting this process to be completed by 2024, at which point the Corporation's royalty revenue related to thermal coal production is expected to end.

Altius Renewable Royalties Inc. (“ARR”) (ARR: TSX) released its Q1 2022 results on May 4, 2022 [ARR Q2 2022 Results](#). The Corporation holds 59% of the common shares of ARR. ARR reported Q1 2022 attributable royalty revenue of US\$0.6 million, which represents its 50% joint venture interest in Great Bay Renewables. The royalty revenue was generated mainly by Northleaf’s Cotton Plains and Old Settler wind projects and Longroad Energy’s Prospero 2 solar project, which are described in greater detail in the ARR MD&A and financial statements. A noteworthy milestone of first positive cash flow was achieved by the GBR joint venture during the quarter with a steady ramp up of revenues and cash flows expected over the next several years related to existing investments. ARR also announced a new developer based investment subsequent to quarter end while noting that its opportunity set for further new investments in both development and advanced stage projects continues to be strong.

Gold

During the quarter Anglogold Ashanti announced a maiden inferred resource of 3.37 million ounces of gold for the Central-Silicon gold deposit discovery within the Silicon Project located near Beatty, Nevada. It has also announced that it has begun a pre-feasibility study for this deposit and a concept study for the nearby Merlin discovery while continuing to advance additional discoveries including at the Maverick target. Altius holds a 1.5-per cent NSR royalty covering the Silicon Project.

Additional information on the Corporation’s results of operations and developments in its Project Generation division are included in the Corporation’s MD&A and Financial Statements which were filed on SEDAR today and are also available on the Corporation’s website at www.altiusminerals.com.

Capital Allocation Summary

The Corporation’s capital allocation priorities are linked to its strategy of creating per share value growth through a portfolio of assets that relate to long life, high margin operations while providing growing shareholder capital returns.

During the quarter, the Corporation made scheduled debt repayments of \$2.0 million, preferred security distributions of \$1.3 million and paid cash dividends of \$2.7 million. The Corporation also expended \$165,000 in the repurchase and cancellation of 10,000 shares under its Normal Course Issuer Bid during the period.

On March 9, 2022 the Corporation funded a US\$5.0 million (CAD\$6.4 million) investment in the form of a secured convertible note to Invert Inc., a private company making investments into carbon credit projects and building a platform to place the credits to corporate and individual participants wishing to reach their decarbonization objectives. The note bears interest at a 7% annual interest rate, has a term of one year and is convertible to equity at an agreed discount upon a go-public event. This investment follows an original US\$0.5 million equity investment made by Altius in December 2021.

Subsequent to the quarter end, on April 14, 2022 the Corporation announced that Fairfax Financial Holdings Limited, through certain of its affiliates (collectively, “Fairfax”) exercised 6,670,000 common share purchase warrants (the “Warrants”) at an exercise price of \$15 per common share in the capital of Altius (each, a “Common Share”) for gross proceeds of \$100 million. Fairfax elected to pay the exercise price of the Warrants by surrendering its \$100 million Preferred Securities to Altius for cancellation, in full satisfaction of such exercise price. Altius now

has no outstanding Warrants, Preferred Securities or resulting distribution obligations after this transaction, and Fairfax has become the holder of approximately 13.9% of Altius issued and outstanding common shares.

Liquidity

Cash and cash equivalents at March 31, 2022 were \$121.3 million, compared to \$100 million at the end of 2021. Cash, excluding \$87.3 million held by ARR, was \$34 million. The value of publicly traded Project Generation business equity holdings was \$67.3 million at March 31, 2022. The market value of LIORC shares was \$120.7 million and the market value of ARR shares including the in the money value of share purchase warrants was \$160 million.

Dividend Declaration

The Corporation's board of directors has declared a quarterly dividend of \$0.07 per share. The current quarterly dividend is payable to all shareholders of record at the close of business on June 15, 2022. The dividend is expected to be paid on or about June 30, 2022.

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

In order to be eligible to participate in respect of the June 30, 2022 dividend, non-registered shareholders must provide instruction to their brokerage and registered shareholders must provide completed enrollment forms to the transfer agent by June 8, 2022, five business days prior to record date. Stock market purchases made under the DRIP for the June 30, 2022 payment will be satisfied by issuance from treasury at the 5 day volume weighted average price ending at the close of trading the day before payment date. Shareholders who have already provided instruction to be enrolled earlier this year will continue to be enrolled unless they direct otherwise. For more information, please see <http://www.altiusminerals.com/dividend-reinvestment-plan>. Participation in the DRIP is optional and will not impact any cash dividends payable to shareholders who do not elect to participate in the DRIP. The declaration, timing and payment of future dividends will largely depend on the Corporation's financial results as well as other factors. Dividends paid by Altius on its common shares are eligible dividends for Canadian income tax purposes unless otherwise stated.

Non GAAP Financial Measures

1. Management uses the following non-GAAP financial measures: attributable revenue, attributable royalty revenue, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), adjusted operating cash flow and adjusted net earnings (loss).
2. Management uses these measures to monitor the financial performance of the Corporation and its operating segments and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying business. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to



similar measures provided by other companies. Further information on the composition and usefulness of each non-GAAP financial measure, including reconciliation to their most directly comparable IFRS measures, is included in the non-GAAP financial measures section of our MD&A.

First Quarter 2022 Financial Results Conference Call and Webcast Details

Date: May 11, 2022

Time: 9:00 AM ET

Toll Free Dial-In Number: +1(866) 476-4353

International Dial-In Number: +1(647) 427-2311

Conference Call Title and ID: Altius Q1 2022 Results, ID 9473914

Webcast Link: [Q1 2022 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 47,855,837 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 regulation.

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