

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the 1933 Act). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Altius Minerals Corporation at 66 Kenmount Road, Suite 202, Box 8263, Station "A", St. John's, Newfoundland and Labrador, A1B 3N4, telephone (709) 576-3440, and are also available electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

April 19, 2016



### ALTIUS MINERALS CORPORATION

**\$35,010,000**

**3,112,000 Common Shares**

This short form prospectus qualifies the distribution (the "Offering") of 3,112,000 common shares (the "Common Shares") in the capital of Altius Minerals Corporation (the "Company" or "Altius") at a price of \$11.25 per Common Share (the "Offering Price"). The Offering is being underwritten by TD Securities Inc. and Scotia Capital Inc. (the "Co-Lead Underwriters"), Raymond James Ltd., BMO Nesbitt Burns Inc. and Haywood Securities Inc. (collectively with the Co-Lead Underwriters, the "Underwriters").

The outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "ALS". On April 12, 2016, the date prior to the announcement of the terms of the Offering, and on April 18, 2016, the last business day prior to the date of this short form prospectus, the closing price of a Common Share on the TSX was \$12.02 and \$10.87, respectively. The Company has made an application to the TSX to list the Common Shares offered under this short form prospectus on the TSX. Such listing will be subject to the Company fulfilling all of the requirements of the TSX.

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### Price: \$11.25 per Common Share

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	Price to the Public <sup>(1)</sup>	Underwriters' Fee <sup>(2)</sup>	Net Proceeds <sup>(3)</sup>
Per Common Share .....	\$11.25	\$0.56	\$10.69
Total <sup>(4)</sup> .....	\$35,010,000	\$1,750,500	\$33,259,500

Notes:

- (1) The terms of the Offering and the Offering Price were established by arm's length negotiation between the Company and the Co-Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.
- (2) In consideration of the services rendered by the Underwriters in connection with the Offering, the Underwriters will receive a cash fee representing 5.0% of the gross proceeds of the Offering (including in respect of any exercise of the Over-Allotment Option (as defined herein)) (the "Underwriters' Fee"). See "Plan of Distribution".
- (3) After deducting the Underwriters' Fee but before deducting the expenses of the Offering, which are estimated to be \$500,000 (exclusive of applicable taxes), which will be paid from the proceeds of the Offering.
- (4) The Company has also granted to the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 466,800 Common Shares (the "Optional Shares") at the Offering Price and on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of the Underwriters at any time, not later than 30 days from and including the Closing (as defined herein), to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to the Company (before deducting expenses of the Offering) will be \$40,261,500, \$2,013,075 and \$38,248,425, respectively. This short form prospectus also qualifies for distribution the granting of the Over-Allotment Option and the issuance of the Optional Shares pursuant to the exercise of the Over-Allotment Option. See "Plan of Distribution". A purchaser who acquires Optional Shares forming part of the Underwriters' over-allocation position acquires the Optional Shares pursuant to this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. See "Plan of Distribution".

The following table sets out the maximum number of securities that may be issued by the Company to the Underwriters pursuant to the options granted to the Underwriters:

<b>Underwriters' Position</b>	<b>Maximum Size</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	466,800 Optional Shares	Up to 30 days from and including the Closing Date	\$11.25 per Optional Share

Unless the context otherwise requires, all references to the "Offering" and "Common Shares", in this short form prospectus includes the Over-Allotment Option and the Optional Shares issuable pursuant to the exercise thereof.

The Underwriters, as principals, conditionally offer the Common Shares qualified under this short form prospectus, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement (as defined herein) between the Company and the Underwriters referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. In connection with the Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that may otherwise exist in the open market. Such transactions, if commenced, may be discontinued at any time. **In certain circumstances, the Underwriters may decrease and further change the price at which the Common Shares are sold to purchasers. See "Plan of Distribution".**

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing is expected to occur on May 3, 2016 or such other date as the Company and the Underwriters may agree, but in any event not later than 42 days following the date of the receipt for the (final) short form prospectus (the "Closing"). Registration of interests in and transfers of Common Shares held through CDS Clearing and Depository Services Inc. ("CDS"), or its nominee, will be made electronically through the non-certificated inventory ("NCI") system of CDS. It is anticipated that the Common Shares will be deposited electronically with CDS on an NCI basis on Closing. A purchaser of Common Shares (other than pursuant to certain exceptions) will typically receive only a customer confirmation from the registered dealer through which the Common Shares are purchased. **See "Plan of Distribution".**

Investors should be aware that the acquisition, holding and disposition of the securities described in this short form prospectus may have tax consequences in Canada or elsewhere depending on each particular investor's specific circumstances. Investors should consult their own tax advisors with respect to such tax considerations. **Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the consequences to them of acquiring Common Shares under the Offering.**

**An investment in the Common Shares is subject to a number of risks that should be carefully considered by a prospective investor. Prospective investors should carefully review this short form prospectus, and specifically the documents incorporated by reference herein, and any risk factors set out in each such document before purchasing Common Shares. The risk factors identified under the heading "Risk Factors" in this short form prospectus and in the AIF (as defined herein) should be carefully reviewed and evaluated by prospective purchasers before making an investment decision. An investment in Common Shares is suitable for only those investors who are willing to risk a loss of their entire investment.**

**Scotia Capital Inc. is an affiliate of a Canadian chartered bank that has entered into a binding commitment letter with Altius in respect of potential New Credit Facilities (as defined herein). Consequently, the Company may be considered a connected issuer of Scotia Capital Inc. under applicable securities laws. See "Plan of Distribution" and "Relationship between the Company and Certain Underwriters".**

**Mr. Jamie Strauss, a director of the Company, resides outside of Canada. Mr. Strauss has appointed Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.**

The Company is a corporation incorporated under the laws of the Province of Alberta. The head office of the Company is located at 66 Kenmount Road, Suite 202, St. John's, Newfoundland and Labrador A1B 3V7. The registered office of the Company is located at 14505 Bannister Road S.E., 3rd Floor, Calgary, Alberta, T2X 3J3.

In this short form prospectus, all dollar figures are denominated in Canadian dollars unless otherwise stated.

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## **ABOUT THIS SHORT FORM PROSPECTUS**

An investor should rely only on the information contained in this short form prospectus (including the documents incorporated by reference herein) and is not entitled to rely on parts of the information contained in this short form prospectus (including the documents incorporated by reference herein) to the exclusion of others. The Company has not, and the Underwriters have not, authorized anyone to provide investors with additional or different information. The Company is not, and the Underwriters are not, offering to sell the Common Share in any jurisdictions where the offer or sale of the Common Shares is not permitted. Unless otherwise stated, the information contained in this short form prospectus (including the documents incorporated by reference herein) is accurate only as of the date of this short form prospectus (or the date of the document incorporated by reference herein, as applicable), regardless of the time of delivery of this short form prospectus or any sale of the Common Shares. The Company's business, financial condition, results of operations and prospects may have changed since the date of this short form prospectus.

For investors outside of Canada, neither the Company nor any of the Underwriters has done anything that would permit the Offering, possession or distribution of this short form prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this short form prospectus.

## **MEANING OF CERTAIN REFERENCES**

Unless the context otherwise requires or unless otherwise stated, any reference in this short form prospectus to the "Company" or "Altius" refers to Altius Minerals Corporation and its direct and indirect subsidiaries.

References to "management" in this short form prospectus mean the persons acting in the capacity of the Company's Chief Executive Officer, the Chief Financial Officer and the persons who are the Company's executive officers or who are acting in the capacities of the executive officers of the Company. Any statements in this short form prospectus made by or on behalf of management are made in such persons' capacities as officers of the Company and not in their personal capacities.

## **TECHNICAL AND THIRD PARTY INFORMATION**

This short form prospectus includes or incorporates by reference market share information, industry data and forecasts obtained from independent industry publications, market research and analyst reports, surveys and other publicly available sources. Although the Company and the Underwriters believe these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. The Company and the Underwriters have not independently verified any of the data from third party sources referred to or incorporated by reference in this short form prospectus or ascertained the underlying assumptions relied upon by such sources.

Except where otherwise stated, the disclosure in this short form prospectus and the documents incorporated by reference herein relating to properties contained within the Royalty Portfolio (as defined herein) as well as the disclosure relating to properties and operations on the properties in which the Company holds a royalty or other interest, is based primarily on information publicly disclosed by the owners or operators of these properties as is customary for royalty portfolio companies of this nature. Specifically, as a royalty or other interest holder, Altius has limited, if any, access to properties included in the Royalty Portfolio and its existing properties in which it has a royalty or other interest. Altius generally relies on publicly available information regarding these properties and operations and generally has no ability to independently verify such information. Additionally, Altius has, and may from time to time, receive operating information from the owners and operators of these properties, which it is not permitted to disclose to the public.

## **PRESENTATION OF FINANCIAL INFORMATION**

The financial statements of the Company incorporated by reference in this short form prospectus are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

## FORWARD LOOKING INFORMATION

Certain statements made in this short form prospectus that are not current or historical factual statements may constitute “forward looking information” within the meaning of applicable Canadian securities legislation. Forward looking information may include, but is not limited to, statements with respect to future events or future performance, the timing and completion of the Offering, disclosure regarding the Offering, the issuance of the Common Shares pursuant to the Offering, the intended use of proceeds of the Offering, the timing and finalization of the New Credit Facilities, the anticipated closing of the final payment under the Copper Purchase Agreement (as defined herein), the effect of the future Copper Purchase Agreement (as defined herein) in respect of the Chapada Mine (as defined herein) on the Company’s financial position and/or results; production volumes; the financial and operational strength of counterparties; industry conditions, trends and practices; realized prices for production; future mineral reserves and mine life; management’s expectations regarding the Company’s growth and results of operations; estimated future revenues; fluctuations in the prices of the primary commodities that are material for the Company’s royalty revenue (including coal, potash, iron ore, zinc and copper); requirements for additional capital; global mineral demand; global fuel demand; arable land per capita; global diet improvement; world population growth; growth in alternative fuel demand and consumption; global income growth; business prospects and opportunities; treatment under governmental regulatory regimes with respect to environmental matters; treatment under governmental taxation regimes; government regulation of mining operations; dependence on personnel; and competitive conditions. Such forward looking information reflects management’s current beliefs and is based on information currently available to management. Expressions such as “anticipates”, “expects”, “believes”, “estimates”, “could”, “intends”, “may”, “plans”, “will”, “would”, “pro forma” and other similar expressions, or the negative of these terms, are generally indicative of forward looking information. By its very nature, forward looking information requires the Company to make assumptions and is subject to inherent risks and uncertainties which give rise to the possibility that the Company’s predictions, forecasts, expectations or conclusions will not prove to be accurate, that the Company’s assumptions may not be correct and that the Company’s objectives, strategic goals and priorities will not be achieved. Such forward looking information is not fact but only reflects management’s estimates and expectations.

A number of factors could cause actual events or results to differ materially from any forward looking information, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty revenue; fluctuations in the value of the Canadian dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies; regulations and political or economic developments in any of the jurisdictions where properties in which the Company holds a royalty or other interest are located; influence of macroeconomic developments; reduced access to debt and equity capital; litigation; title, permit or licensing disputes related to the Company’s interests or any of the properties in which the Company holds a royalty or other interest; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which the Company holds a royalty or other interest; rate and timing of production differences from resource estimates; and risks and hazards associated with the business of development and mining on any of the properties in which the Company holds a royalty or other interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave ins, flooding and other natural disasters.

The forward looking information contained in this short form prospectus and the documents incorporated by reference herein is based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which the Company holds a royalty or other interest by the owners or operators of such properties in a manner consistent with past practice; the accuracy of public statements and disclosures made by the owners or operators of such underlying properties; no material adverse change in the market price of the commodities that underlie the asset portfolio; no adverse development in respect of any significant property in which the Company holds a royalty or other interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. However, there can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Investors are cautioned that the forward looking information is not a guarantee of future performance. The Company cannot assure investors that actual results will be consistent with any forward looking information disclosed herein and in the documents incorporated by reference herein. Accordingly, investors should not place undue reliance on forward looking information due to the inherent uncertainty thereof. For additional information with respect to risks, uncertainties and assumptions, please refer to the “Risk Factors” section of this short form prospectus, as well as any risk factors disclosed in the documents incorporated by reference.

The forward looking information disclosed herein is provided as of the date of this short form prospectus only and the Company does not assume any obligation to update or revise such information to reflect any new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Stikeman Elliott LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “Tax Act”), the Common Shares will be a “qualified investment” under the Tax Act at the time of their acquisition by a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, or a tax-free savings account (“TFSA”), each as defined in the Tax Act (each a “Plan”), provided that, at the time of the acquisition by the Plan, the Common Shares are listed on a designated stock exchange within the meaning of the Tax Act (which currently includes the TSX).

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of such Common Shares held in the TFSA, RRSP or RRIF, if such Common Shares are a “prohibited investment” within the meaning of the Tax Act. The Common Shares will generally not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Company for purposes of the Tax Act, or (ii) has a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. Prospective purchasers who intend to hold the Common Shares in a TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular circumstances.

### **DOCUMENTS INCORPORATED BY REFERENCE**

As of the date hereof, the following documents, filed with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus for the purposes of the Offering:

- (a) the annual information form of the Company for the year ended April 30, 2015, dated June 25, 2015 (the “AIF”);
- (b) the audited annual consolidated financial statements of the Company for the year ended April 30, 2015 and April 30, 2014 and the notes thereto, together with the auditor’s report thereon (the “Annual Financial Statements”);
- (c) the management’s discussion and analysis of the Company in respect of the Annual Financial Statements (the “Annual MD&A”);
- (d) the unaudited interim condensed consolidated financial statements of the Company for the three and nine months ended January 31, 2016 and January 31, 2015 (the “Interim Financial Statements”);
- (e) the management’s discussion and analysis of the Company in respect of the Interim Financial Statements (the “Interim MD&A”);
- (f) the management information circular of the Company dated August 14, 2015 distributed in connection with the Company’s annual and special meeting of shareholders held on September 16, 2015;
- (g) the business acquisition report of the Company dated May 13, 2015 in respect of the acquisition of Callinan Royalties Corporation;
- (h) the material change report of the Company dated May 5, 2015 in respect of the acquisition of Callinan Royalties Corporation;

- (i) the material change report of the Company dated April 8, 2016 in respect of the Copper Purchase Agreement (as defined herein);
- (j) the material change report of the Company dated April 18, 2016 in respect of the Offering; and
- (k) the template version of the term sheet for the Offering dated April 13, 2016 (the “Marketing Materials”).

Any documents of the foregoing type, and all other documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, which may be filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this short form prospectus and before completion or withdrawal of the Offering will be deemed to be incorporated by reference into this short form prospectus.

**Notwithstanding anything herein to the contrary, any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this short form prospectus, except as so modified or superseded.**

#### **MARKETING MATERIALS**

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of “marketing materials” (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this short form prospectus.

#### **THE COMPANY**

Altius was incorporated as a private corporation under the name 730260 Alberta Inc. by certificate and articles of incorporation under the *Business Corporations Act* (Alberta) on March 5, 1997. The articles of incorporation were amended pursuant to a certificate and articles of amendment dated June 12, 1997 to, among other things, change the name of the Company to “Altius Minerals Corporation”.

The head office of the Company is located at 66 Kenmount Road, Suite 202, St. John’s, Newfoundland and Labrador, A1B 3V7. The registered office of the Company is located at 14505 Bannister Road S.E., 3rd Floor, Calgary, Alberta, T2X 3J3.

The common shares of the Company are posted and listed for trading on the TSX under the symbol “ALS”.

#### **Description of the Business**

The business model of Altius has two key elements: (i) the building of a diversified portfolio of long-life mine royalties and/or royalty-like metal purchase agreements; and (ii) the generation of high quality exploration projects that it can advance through various types of industry partnerships. Both components recognize the strong inherent cyclicity of valuations within the minerals sector and are managed with contrarian discipline over full-cycle investment timeframes.

Altius' royalty portfolio (the "Royalty Portfolio") includes revenue generating interests in 13 operating mines located throughout Canada, which produce copper, zinc, nickel, cobalt, precious metals, potash, and thermal (electrical) and metallurgical coal. The Royalty Portfolio also includes numerous pre-development stage royalties covering a wide spectrum of mineral commodities and jurisdictions.

Altius' project generation portfolio is well diversified by commodity and geography and consists of exploration projects from which it seeks to create funding partnerships with other exploration and mining companies while retaining royalties and equity or minority project interests.

## RECENT DEVELOPMENTS

### Chapada Copper Purchase Agreement

On March 31, 2016, Altius announced that it and one of its wholly-owned Canadian subsidiaries had entered into a copper purchase agreement (the "Copper Purchase Agreement") with a subsidiary of Yamana Gold Inc. ("Yamana") to acquire future copper payments referenced to Yamana's Chapada copper-gold mine located in central Brazil (the "Chapada Mine"). The Copper Purchase Agreement has a base rate of 3.7% referenced to copper production from the Chapada Mine, reducing to 1.5% for remaining life of mine after 75 million pounds of copper are delivered to Altius. In addition, the Copper Purchase Agreement provides for an expansion incentive rate whereby the rate decreases to 2.65% in the event of an expansion of the Chapada Mine. The Copper Purchase Agreement is guaranteed by Yamana and Yamana's wholly-owned Brazilian subsidiary that owns the Chapada Mine. See "Technical Information – Chapada Mine".

The aggregate purchase price payable by Altius to Yamana under the Copper Purchase Agreement is US\$60 million in cash plus 400,000 common share purchase warrants of Altius that will be exercisable at \$14.00 per share until May 3, 2021 (the "Warrants"). The Copper Purchase Agreement also provides for ongoing payments by Altius to Yamana for each pound of copper received equal to 30% of the spot copper price. Altius paid Yamana US\$8 million (\$10.3 million) in cash concurrent with execution of the Copper Purchase Agreement and will pay the balance of the consideration (US\$52 million (\$67.3 million) in cash and the Warrants) on May 3, 2016 at the final scheduled closing.

In connection with the Copper Purchase Agreement, Altius also announced that credit facilities in the aggregate amount of \$150 million (comprised of a \$70 million, 4-year, amortizing term debt facility and an \$80 million, 3-year, revolving credit facility) are currently being finalized (the "New Credit Facilities"). The Bank of Nova Scotia and ING Capital LLC have each committed \$50 million to the New Credit Facilities, and a third commitment from another lender is expected prior to completion of the New Credit Facilities. It is expected that a portion of the New Credit Facilities would also be used to repay all principal and any accrued but unpaid interest outstanding under the current credit facilities and that similar security would be granted in connection with the New Credit Facilities. See "Use of Proceeds".

## USE OF PROCEEDS

The aggregate net proceeds of the Offering are estimated to be approximately \$32.8 million after deducting the Underwriters' Fee of \$1,750,500 and the expenses of the Offering estimated at \$500,000 (exclusive of applicable taxes). If the Over-Allotment Option is exercised in full, the net proceeds from the sale of the Common Shares hereunder are estimated to be approximately \$37.7 million after deducting the Underwriters' fee of \$2,013,075 and the expenses of the Offering estimated at \$500,000 (exclusive of applicable taxes).

Altius has paid US\$8 million (\$10.3 million) as an initial payment under the Copper Purchase Agreement and the balance of US\$52 million (\$67.3 million) (the "Closing Payment") is due on May 3, 2016. See "Recent Developments – Chapada Copper Purchase Agreement".

In connection with the Copper Purchase Agreement, Altius announced that the New Credit Facilities in the aggregate amount of \$150 million (comprised of a \$70 million, 4-year, amortizing term debt facility and an \$80 million, 3-year, revolving credit facility) are currently being finalized. The Bank of Nova Scotia and ING Capital LLC have each committed \$50 million to the New Credit Facilities, and a third commitment from another lender is expected prior to completion of the New Credit Facilities. The purpose of the New Credit Facilities is to provide Altius with funds to make the Closing Payment and to provide Altius with access to additional capital for the purposes of making acquisitions in the future.

Altius currently intends to use all of the net proceeds from the Offering to either: (i) partially fund the Closing Payment directly; or (ii) if the Closing Payment is paid out of the New Credit Facilities, to repay a portion of such New Credit Facilities.

In the event that Altius does not enter into the New Credit Facilities, which would provide the balance of the proceeds necessary to fund the Closing Payment, Altius holds a number of investments in publicly listed entities, which have a current fair market value in excess of \$35 million which it could, if required, sell in order to fund any shortfall for such obligations. See “Risk Factors – Completion of New Credit Facilities”.

The principal business objective that the Company expects to accomplish using the net proceeds from the Offering is to fund the payment of the Closing Payment under the Copper Purchase Agreement. The significant event that must occur for this business objective to be accomplished is satisfaction of the terms and conditions of closing set forth in the Copper Purchase Agreement.

The above-noted allocation represents the Company’s intention with respect to its use of proceeds based on current knowledge and planning by management of the Company. There may be circumstances where, for sound business reasons, the Company may reallocate the use of proceeds. See “Risk Factors – Use of Proceeds”.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of \$4,988,925 after deducting the Underwriters’ Fee. If the Over-Allotment Option is exercised in full concurrently with the Closing, the Company intends to use such additional proceeds to either: (i) also partially fund the Closing Payment directly; or (ii) if the Closing Payment is paid out of the New Credit Facilities, to repay a portion of such New Credit Facilities. If the Over-Allotment Option is exercised in full following the Closing, the Company intends to apply such additional proceeds for general corporate purposes, which may include repaying a portion of the New Credit Facilities.

#### **TECHNICAL INFORMATION – CHAPADA MINE**

All of the information below with respect to the Chapada Mine owned by Yamana has been excerpted or derived from the Yamana annual information form for the year ended December 31, 2015 dated March 29, 2016 (the “Yamana AIF”).

Readers should consult the Yamana AIF to obtain further particulars regarding the Chapada Mine. The Yamana AIF is available for review under Yamana’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The information below is subject to the assumptions, qualifications and procedures set out in the Yamana AIF and is qualified in its entirety with reference to the full text of the Yamana AIF.

##### *Property Description, Location and Access*

The Chapada Mine is located in northern Goiás State, approximately 320 kilometres north of the state capital of Goiânia and 270 kilometres northwest of the national capital of Brasília. It is situated at latitude 14° 14’ S, longitude 49° 22’ W. Corpo Sul is situated at the southwest extremity of the Chapada deposit. The Suruca deposit is located six kilometres northeast of the Chapada Mine at approximately latitude 14° 11’ S, longitude 49° 20’ W.

Access to the project area from Brasília is via BR-153 (Belem/Brasília) to Campinorte (GO) and then via GO-465 (Campinorte/Santa Terezinha) west to Alto Horizonte. The town of Alto Horizonte lies between the Suruca and Chapada deposits. Chapada Airport, suitable for small aircraft with an 800 metres long airstrip, is located close to Alto Horizonte, approximately four kilometres northeast of the Chapada Mine.

The Chapada Mine is divided into 16 claims covering 18,921.37 hectares. The claims are held in the name of Mineração Maracá Indústria e Comércio S/A (“Mineração Maracá”), a 100% owned subsidiary of Yamana. See also “– Exploration, Development and Production”.

Yamana (via Mineração Maracá) holds all of the surface rights in the area of the Chapada Mine, which incorporates all of the proposed locations of buildings, fixed installations, waste dumps, and tailing disposal in the current mine plan. Yamana is of the opinion that it can acquire the right to dispose of waste rock and tailings on additional surface property, if and when required. The land ownership is registered with the Registrar of Real Estate in Mara Rosa, Goiás.

Other than statutory royalties which are paid to the Brazilian government based on commercial copper and gold production, RPA is not aware of any rights, agreements or encumbrances to which the Chapada Mine is subject, which would adversely affect the value of the property or Mineração Maracá's ownership interest. The environmental licensing process for Corpo Sul started in 2013 and the required licences were granted in 2014. No current environmental liabilities have been identified within the mine area. Ongoing items such as waste stockpiles, depleted heap leach piles, and tailings storage facilities will be rehabilitated during the mine life or at the time of mine closure.

### *History*

The Chapada deposit was discovered in 1973 by a Canadian company, INCO Ltda. ("INCO"), which followed up with geochemistry, geophysics, trenching, and initial drilling. There are few outcrops in the mine area due to laterite-saprolite cover. Consequently, deposit definition required extensive diamond drill exploration. Development drilling of the deposit occurred in several campaigns from 1976 through 1996 by INCO, Parsons-Eluma Projetos e Consultoria S/C ("Parsons"), a Brazilian copper company, Eluma — Noranda, Santa Elina, and Santa Elina-Echo Bay ("Echo Bay"). Historical ownership and exploration activities are summarized in Table 1.

**Table 1**

Date	Owner	Activity
1973	INCO	Chapada discovery.
1975-1976		2,000 metres x 500 metres grid drilling program. Parsons acquires a 50% interest in the Chapada project.
1976-1979	INCO & Parsons	200 metres x 100 metres drill grid. A 92 metres deep shaft is completed with 255 metres of cross-cuts for exploration and metallurgical sampling.
1979		Mining concession No. 2394 covering 3,000 hectares is issued to Mineração Alonte by the Departamento Nacional da Producao Mineral ("DNPM").
1980-1981		Soil drilling completed in the plant, tailing ponds, and potential water dam areas.
1981	Parsons	Feasibility study completed.
1994-1995		A 4,500 metres drilling program re-evaluation of a near surface gold deposit. Preliminary feasibility study by Watts, Griffis and McOuat.
May 1994	SERCOR	Mineração Santa Elina Industria e Comercio S/A ("SERCOR") acquires the Chapada deposit through a subsidiary, Mineração Maracá.
July 1994	SERCOR and Echo Bay	Echo Bay acquires an initial interest in Santa Elina by purchasing 5% of the outstanding shares from SERCOR.
Dec 1994		Santa Elina completes its initial public offering.
Sep 1995		Santa Elina and Echo Bay approve the Chapada project joint venture. Santa Elina issues about 3% of the outstanding shares to Echo Bay. Echo Bay receives the option to acquire 50% interest in the project.
May 1996		Santa Elina is privatized and SERCOR and Echo Bay become equal owners of the company.
Dec 1996		Santa Elina completes an in-fill drilling program
Dec 1997		Independent Mining Consultants, Inc. reviews the Echo Bay model and completes a mine feasibility study.
Jan 1998		Kilborn Holdings Inc., (now SNC-Lavalin Group Inc.), completes the Chapada project bankable feasibility study.
Apr 2001		Construction licence issued.
May 2000	PINUS	PINUS acquires 100% of Mineração Maracá.
2003	Yamana	The property is purchased by Yamana.
2004		The feasibility study is completed.
2007		Commercial production starts.

In 2008, Yamana started a plant expansion to increase throughput from 16 million tonnes per annum to 22 million tonnes per annum.

From 2007 to the end of 2013, the Chapada Mine has produced 128.4 million tonnes grading 0.36 grams per tonne gold and 0.41% copper.

The Suruca deposit has been explored by various companies since the 1970s, as summarized in Table 2, and was exploited by garimpeiros in the 1980s. Yamana reports that garimpeiros produced approximately 200 kilograms of gold in that period. A historical estimate of resources was identified in the mid-1990s; however, as this estimate is historic in nature, it cannot be relied upon.

**Table 2**

Date	Ownership
1980 - 1981	INCO/Eluma
1987 - 1988	Cominco
1993 - 1994	WMC
1996 - 1997	Santa
2008 to present	Yamana

#### *Geological Setting, Mineralization and Deposit Types*

The Chapada area is located between the Amazonian craton to the northwest and the San Francisco craton to the southeast, within the north-northeast striking metavolcano-sedimentary Mara Rosa Magmatic Arc which is part of a large system of mobile belts that have a complex, multi-phased history of deformation.

The Chapada, Corpo Sul and Suruca deposits are located in the Eastern Belt of the Mara Rosa volcano sedimentary sequence. The Eastern Belt in the vicinity of the Chapada Mine comprises a thick package of amphibolites succeeded by volcanic and volcanoclastic rocks and overlying metasedimentary rocks. The metavolcanic-sedimentary units are intruded by metaplutonic rocks of dioritic to quartz-diorite composition. These intrusions are associated with magmatic fluids responsible for copper-gold and gold mineralization. The volcanics and sediments have been metamorphosed to biotite and amphibolite schist in the Chapada mineralized area.

In the immediate area of the Chapada deposit, the biotite and amphibolite schist units have been folded into a broad anticline with a north-easterly fold axis. The two limbs of the anticlinal structure dip to the northwest and southeast. There is a minor secondary synclinal fold of the major antiform so that the northeast and southwest ends are somewhat higher than the central zone of the structure in the middle of the deposit. This combination of folds gives the deposit a broad "saddle" shape.

The deposit has undergone hydrothermal alteration typical of a copper-gold porphyry system. Alteration styles include biotitization, sericitization, argillitization, and propylitization.

The bedrock schists are overlain by approximately 25 metres of saprolite material with a minor lateritic component near the top of the saprolite zone. Within that laterite component, there is a ferricrete zone at surface.

The Corpo Sul deposit is located immediately on-strike and two kilometres to the southwest of the Chapada open pit. It is interpreted as another intrusive Copper-Gold Porphyry center, less deformed than Chapada Mine, and associated with an intrusion of Quartz Porphyry Diorite/Tonalite (Potassic alteration), enveloped by a Feldspathic Biotite Schist (Potassic alteration) surrounded by sericite schists (Sericitic alteration).

Corpo Sul has largely the same stratigraphic units found in Chapada, however at Corpo Sul the tuffs and lapilli tuffs are less deformed.

The area is covered by a 30 metre lateritic profile. The lateritic profile comprises an immature lateritic terrain that was subdivided from base to the top in: coarse saprolite, saprolite, mottled zone or argillic zone, lateritic duricrust and pisolitic soils (products of alteration of duricrust).

The Suruca deposit, north of the main Chapada pit, has geology that is grouped from base to top as: Amphibolite, Intermediate Metavolcanic rocks and Metasediments. There are several intrusions of quartz diorite porphyry that occur preferentially in the intermediate metavolcanic rocks and metasediments. Hydrothermal alteration overprints the lithologies and is characterized by inner and outer halos. The inner halo occurs in the intermediate rocks, metasediments and diorites with strong and pervasive sericitic alteration and the outer halo is characterized by propylitic alteration that occurs mainly in the amphibolites.

The Sucupira deposit lies immediately northwest of the main Chapada pit, west of the northeast to southwest trending Sucupira fault. The Sucupira deposit was formed within diorite intruded volcanic and sedimentary units prior to metamorphic deformation. The deposit as currently understood is a continuation of ore found within the Cava Norte pit which can be traced in drill cuttings up to 1.7 kilometers to the southwest. Gold and copper mineralization occurs within a potassic and sericite alteration halo that is elongated northeast to southwest, loosely following an antiform fold nose. The deposit contains both a higher grade core of gold and copper values that are enveloped by a lower grade halo of gold-copper values. Calcsilicate rock units thought to be skarn related host minor amounts of mineralization as well.

The primary copper-gold mineralization at Chapada is epigenetic. Copper is principally present as chalcopyrite with minor amounts of bornite. Fine grained gold is closely associated with the sulphide mineralization and was likely to be contemporaneous with the copper.

Copper mineralization occurs as finely disseminated crystals, elongated pods, lenses along foliation, crosscutting stringers, and coarse clots in occasional late stage quartz veins or pegmatites. The copper mineralization and grade are somewhat better in the central zone of the deposit along the anticline axis than in the surrounding anticlinal limbs; however, copper mineralization is pervasive over a broad area. Gold mineralization is more uneven spatially and may have been remobilized by post mineral low temperature alteration events.

The Corpo Sul mineralization includes oxide and sulphide ores. The oxide ore comprises approximately 7% of the deposit and is associated with the weathering surface. The width varies between 20 metres and 40 metres at an average grade of 0.26 grams per tonne gold and 0.35% copper. The oxide mineralization comprises soil, mottled zone, fine saprolite, and coarse saprolite. The sulphide ore represents the majority of the mineralization with widths from 25 metres to 300 metres at an average grade of 0.24 grams per tonne gold and 0.31% copper.

The gold at Suruca is related to folded quartz vein/veinlets with sericitic and biotite alteration, rather than high sulphide concentrations. The second generation of quartz veins/veinlets with sulphides (sphalerite + galena + pyrite), carbonates and epidote also host gold which is related to zinc.

Mineralization predominately pre-dates deformation hence the gold is associated with epithermal features and not structurally controlled.

### *Exploration*

For exploration work completed prior to Yamana, please see “–History”, above.

Yamana started exploration work in 2007 with diamond drilling mainly to the east of the pit to check for the extension of the mineralization potentially hosted in a synclinal structure.

In early 2008, consultant Richard Sillitoe defined a genetic model of mineralization with a typical porphyry copper-gold system (Cu-Au-Mo association) that underwent intense isoclinal folding and amphibolite facies metamorphism during continental collision at the end of the Neoproterozoic. However, original mineralogy may not have been profoundly changed, due to the stability of minerals like quartz, anhydrite, pyrite, chalcopyrite, magnetite and biotite under amphibolite facies conditions.

Yamana began exploration work at Suruca in 2008 with geological mapping, chip sampling and shallow drilling at Suruca South.

See also “– Exploration, Development and Production”.

## Drilling

Yamana commenced drilling the Chapada deposit in 2008. To the end of 2013, Yamana has drilled 344 holes for 73,891 metres (Table 3). Drilling has delineated the main deposit areas at a spacing of 100 metres by 50 metres, with a tighter 50 metres pattern in the central portion of the deposit.

**Table 3**

Year	No. Drill Holes	Metres
2008	30	5,126
2009	7	2,352
2010	18	4,373
2011	85	19,305
2012	131	28,568
2013	73	14,167
Total	344	73,891

The 2008 and 2009 drilling campaigns were concentrated in the region named “Near Mine” and in the south portion of the area. The 2010 and 2011 campaigns targeted the Near Mine and Corpo Sul areas. In 2013, Yamana drilled in the northeast section of Chapada Corpo Principal with the objective of delineating an inferred mineral resource. In Corpo Sul, an infill drilling program was carried out in the southwest portion of the deposit on a 50 metre by 50 metre grid to upgrade indicated to measured mineral resources and on a 100 metre by 100 metre grid to convert inferred to indicated mineral resources.

The majority of holes were drilled at an azimuth of 130° and an 85° dip. Drill holes with inclination between 45° and 85° were surveyed every three metres downhole using a Deviflex electronic surveying instrument. No significant deviation issues were found.

To date, Yamana has drilled 186 holes for 37,899.16 metres at Suruca, as summarized in Table 4.

**Table 4**

Year	No. Drill Holes	Metres
2008	7	439.5
2009	21	6,457.8
2010*	103	20,476.9
2011	55	10,524.96
Total	186	37,899.16

\*Includes 11 metallurgical holes for 1,014 metres

At Suruca in 2009, Yamana completed successful drilling to test a magnetic anomaly and the area of the garimpeiro workings. The 2010 drilling program focused on delineation of the Suruca deposit at 400 metres by 200 metres spacing followed by infill drilling at 200 metres by 200 metres spacing. An infill program of 100 metres by 100 metres spacing was completed in the north portion of deposit.

The majority of holes were drilled at an azimuth of 130° and a 60° dip; some holes were drilled at an azimuth of 310°. Drill holes with inclination between 45° and 85° were surveyed every three metres downhole using a Reflex Maxibor II or Devicom Deviflex electronic surveying instrument. In sub-vertical holes, a PeeWee or EZ- Shot instrument was used. All holes were surveyed and no significant deviation issues were found.

See also “– Exploration, Development and Production”.

### *Sampling, Analysis and Data Verification*

Yamana's samples are selected down the entire length of the drill hole core, sawn in half with an electric diamond bladed core saw, and sampled prior to logging. Half core samples are selected by a geology technician or trained sampler. The samples are then placed in a numbered plastic bag along with a paper sample tag, and tied closed with a piece of string. Sample weight is approximately 3.5 kilograms. Six to eight samples are placed in a larger plastic bag, loaded onto a truck owned and driven by a locally based transport company, and driven to the ALS Chemex laboratory sample preparation facility in Goiania, State of Goiás.

After sampling, the geologist completes a graphic log and logs the core in detail for lithology, structure, mineralization and alteration. Codes are assigned for the oxidation state, consistency and alteration including alteration halo, sulphides, silicification, biotite, sericite, epidote, amphibolite, garnet, carbonate, rhodochrosite, chlorite, and kyanite content. Angles of structures such as foliation and faults are recorded.

Approximately four samples from each alteration halo per drill hole are selected for density testwork by two different methods after sampling and logging. The first method used is the water displacement method, performed in the logging shed. The second method, which is gravimetric, is done in the laboratory using pulverized samples.

Sample preparation involves crushing and pulverization. Upon receipt of the samples, each sample is weighed and dried at 100°C for eight to 12 hours. The entire sample is then crushed to 90% passing <2 millimetres (10 mesh), split to 0.5 kilograms in a riffle splitter, and pulverised to 95% passing 150# (mesh). The samples are then split again to 50 grams using a rotating splitter/spatula. The crusher and pulveriser are cleaned between each sample. Each fraction retained is returned to Yamana.

All Yamana samples are analyzed for precious metals by fire assay ("FA") with atomic absorption spectrometry ("AAS") or ICP finish and for copper by AAS by ALS Chemex, Lima, Peru and/or SGS Geosol, Belo Horizonte, Brazil. Yamana is at arm's length with these laboratories.

Yamana conducts an industry-standard quality assurance/quality control ("QA/QC") program for its drill campaigns, which follows written protocols. Its QA/QC program consisted of the insertion of blanks and certified reference materials ("CRMs") into the sample stream and the running of duplicate field (quarter-core) samples. Later, pulp duplicate samples were re-assayed at a secondary facility.

RPA assessed Yamana's QA/QC program and found it to be industry-standard with a generally acceptable rate of insertion for CRMs and pulp duplicates. The results of the pulp duplicate assays showed good reproducibility with no discernible grade biases. The insertion of CRMs showed that laboratory results from SGS Geosol and ALS Chemex were acceptable with respect to precision and accuracy. The results from the insertion of blanks are also generally acceptable.

In 1996 Echo Bay became actively involved in the drilling and sampling program for the project. Samples taken by Santa Elina in 1996 were subject to a rigorous QA/QC program. IMC Mining ("IMC") was contracted to review the historical data. IMC's review included all historical QA/QC control files and historical data compared with re-assayed data from analytical laboratories in the United States. IMC concluded the historical data was appropriate for estimation of mineral resources.

IMC did a review of the Chapada assay database. IMC did not do any independent assaying, but did review considerable existing data. It was IMC's opinion that the database was of sufficient quality for a feasibility level study.

A total of 18 Suruca diamond drill holes from Mineração Alonte were re-analysed following Yamana's procedures. The new assay results were compatible with the historical results.

Based on RPA's review, it is of the opinion that sampling, sample preparation, and analysis at Chapada are in keeping with industry standards and the assay results within the database are suitable for use in a Mineral Resource estimate.

Samples are transported from the drill rig to Yamana's core storage facilities at the Chapada project exploration camp by the drilling contractor, where Yamana geological staff log and sample the core. The samples are transported to the independent sample preparation facility by a locally based transport company, after which the samples are sent for preparation in ALS Chemex in Goiania, Brazil and for analysis in Lima, Peru.

The analytical laboratory stores all pulps and coarse rejects for forty-five days and then transports them back to the Chapada project where all samples are stored in the core storage facility for the life of the project.

Based on RPA's review, it is of the opinion that sample security procedures at the Chapada Mine are in keeping with industry standards.

The 2015 exploration program consisted of limited infill drilling at the Corpo Sul deposit, defining the newly discovered Sucupira deposit which extends southwest from the Cava Norte pit and exploration target testing of the Chapada property. The combined programs completed 38,929 meters in 143 drill holes with 12,169 meters distributed in 64 infill and delineation holes and 26,760 meters distributed in 79 exploration holes. The infill and definition programs were successful in outlining new inferred gold and copper resources and upgrading existing inferred gold and copper resources to indicated status. The exploration program defined targets for drill testing using soil sampling techniques, interpretation of geophysical data and geologic mapping. Targets drill tested include Sucupira, Interpits, Formiga and Mundinho.

*Mineral Processing and Metallurgical Testing*

For a discussion of mineral processing and metallurgical testing work completed by Yamana, see “ – Mining Operations”, below.

*Mineral Resources and Mineral Reserves*

**Mineral Resources – December 31, 2015** <sup>(1)(2)(3)(4)(5)</sup>

Category	Au			Ag			Cu		
	Tonnes (000)	(g/t)	(000 oz)	Tonnes (000)	(g/t)	(000 oz)	Tonnes (000)	(%)	(MIB)
Measured	22,209	0.23	164	0	0	0	14,383	0.22	69
Indicated	225,531	0.26	1,873	82,161	1.4	3,775	143,369	0.24	769
Measured + Indicated	247,740	0.26	2,037	82,161	1.4	3,775	157,752	0.24	838
Inferred	133,118	0.23	972	27,553	1.1	982	105,565	0.29	678

Notes:

- (1) Mineral resources metals prices and cut-off grades: \$1,500 Au, \$3.5 Cu and \$5.17 NSR cut-off out of pit for Chapada Mine (Main Pit, Corpo Sul and Corpo NE) 0.2 g/t Au cut-off for oxide and 0.3 g/t Au cut-off for sulphide in Suruca Gold Project.
- (2) All mineral reserves have been calculated in accordance with the CIM Standards and NI 43-101.
- (3) Mineral resources are exclusive of mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.
- (4) Reported as of December 31, 2015.
- (5) Numbers may not add due to rounding.

**Mineral Reserves – December 31, 2015<sup>(1)(2)(3)(4)</sup>**

Category	Tonnes		Au		Cu	
	(000)	(g/t)	(000 oz)	(000)	(%)	(MIB)
Proven	263,900	0.20	1,738	263,900	0.27	1,555
Probable	315,621	0.23	2,380	256,751	0.26	1,478
Proven + Probable	579,521	0.22	4,118	520,651	0.26	3,033

Notes:

(1) Mineral reserves metal prices and cut-off Grades: \$1,150 Au, \$3.00 Cu, \$18 Ag, \$5.17 NSR cut-off (Main Pit, Corpo Sul and Cava Norte). \$900 Au; 0.2 g/t Au cut-off for oxide ore and 0.3 g/t Au cut-off for sulphide ore in Suruca Gold Project. Metallurgical recoveries for Cu are 83% and Au ranges from 52% to 85% dependent on zone.

(2) All mineral reserves have been calculated in accordance with the CIM Standards and NI 43-101.

(3) Reported as of December 31, 2015.

(4) Numbers may not add due to rounding.

The methodology of estimating mineral resources by Yamana includes: (a) statistical analysis and variography of gold and copper values in the assay database; (b) construction of a block model using Datamine Studio 3 software; and (c) grade interpolation using a kriging or inverse distance cubed method. The Mineral Resource estimate is based on open pit mining scenarios and Chapada and Corpo Sul mineral resources are constrained by Whittle optimized pits which are based on a copper and gold net smelter return.

Validation of the block models by Yamana included: (a) on screen displays of plans and sections showing composite and block grades; (b) swath plots calculated over “slices” of each zone; (c) comparisons between composite and global block statistics cross validation (Chapada only); and (d) cross-validation.

RPA finds the estimation methods and classification criteria adopted by Yamana are reasonable and sufficient to support the mineral resources reported.

RPA reviewed the reported resources, production schedules, and factors for conversion from mineral resources to mineral reserves. Based on this review, it is RPA’s opinion that the measured and indicated mineral resource within the final pit designs at Chapada can be classified as proven and probable mineral reserves.

RPA also stated that, to the best of their knowledge, the mineral resources were not materially affected by any known environmental, permitting, legal title, taxation, socio-economic, marketing, political or other relevant issues to the best knowledge of the author.

*Mining Operations*

The Chapada Mine is a traditional open pit truck/shovel operation that has been in continuous operation since 2007. The Chapada open pit, which is currently being mined, has ultimate design dimensions of approximately 4.5 kilometres along strike, up to 1.2 kilometres wide, and 200 metres deep. Benches are 10 metres high, doubling to 20 metres towards the limit of the pit, except in upper benches, where the benches are 10 metres high in soil. Six operating phases have been designed to support the mine production from initial topography to the final pit geometry. An in-pit primary crusher was installed, allowing a more flexible operation for ore blending to plant and reducing major truck fleet requirements.

The mine plan includes three open pit mining areas to be developed on the property. Current production is from the Chapada Corpo Principal and Corpo Sul open pits. The Corpo Sul open pit began production in 2014.

The processing plant is located at the northwest end of the Chapada Corpo Principal pit rim. The tailings storage facility is located to the northwest of the open pit, with the pond as close as 0.5 kilometres to the pit rim and the tailings dam being up to five kilometres to the northwest. Waste rock dumps are located to the south and southeast of the open pit. Limits of the waste rock dumps start just past the ultimate pit rim in order to minimize waste haulage distances.

The existing Chapada Mine treatment plant is designed to treat sulphide ore at a nominal rate of 60,000 tpd. The process recoveries for copper and gold averaged approximately 80% and 59%, respectively, from June 2013 to May 2014. Run-of-mine (“ROM”) material from the Suruca mineralization will be treated and incorporated into the system through two separate processes. The oxide ore will be processed using conventional heap leaching technology, and sulphide ore will be processed in the existing plant after some modifications.

### Sulphide Ore

The first step for sulphide material occurs in the primary grinding circuit in two parallel crushing systems. Both systems perform the primary crushing with a P70 of five inches. The ore processed is then transported by conveyor belt to an intermediate stockpile. A feeder conveyor belt delivers the feed to the grinding circuit.

The grinding circuit is divided into four systems:

- Reclaim Ore — Ore taken from the crushed ore stockpile and delivered to the semi-autogenous grinding (“SAG”) mill.
- Primary Grinding and Pre-Classification — SAG mill grinding and pre-classification using cyclones.
- Pebble Crushing — Transportation and crushing coarse pebbles screened from the SAG mill discharge.
- Secondary Grinding and Classification — Ball mill grinding and classification using cyclones.

The ore is then brought to the flotation process in pulp form with approximately 35% solids. There are two flotation cell lines, rougher and rougher/scavenger. Each cell line produces two concentrates. The tailings from the rougher/scavenger system are sent to the final tailings storage facility. The last step in the process is thickening and filtration. The thickening process reduces the ore concentrate moisture content to an average of 8%. This is discharged in the concentrate storage shed to be loaded and shipped to customers.

### Oxide Ore

The crushing circuit consists of two MMD sizers in series and associated equipment. Material is pre- screened ahead of the MMD sizer and crusher product then combines with screen undersize and is conveyed to the crushed product stockpile. Crushed product is then fed to an agglomeration drum. Prior to the drum, cement is added in a controlled fashion and a weak cyanide solution (barren pond solution) is added in the agglomeration drum, and mixed to produce agglomerates which are conveyed and stacked.

The agglomerated material is stacked on pads which are approximately 100 metres wide and 620 metres long. A weak cyanide solution from the barren solution pond is then used to leach the gold from the stacked ore. The solution filters through the agglomerated ore with the gold inherent in the ore leached to produce a gold rich solution. The gold rich solution collects at the base of the pad and is collected in the pregnant solution pond.

Pregnant solution flows through four adsorption columns in series and flows by gravity from one adsorption column to the next. The total residence time in the adsorption columns is in the order of 25 minutes. After acid washing, the loaded carbon is washed and sent to the elution column to remove gold from the loaded carbon. The gold removed from the loaded carbon cools in a flash cell and then reports to the two electrowinning cells in parallel. Gold in solution is removed onto stainless steel cathodes. The stainless steel cathodes are rinsed off with a high pressure washer. The cathode sludge is then filtered, dried in an oven, transferred to the barring furnace and the gold is then poured into molds.

### *Processing and Recovery Operations*

The existing Chapada Mine processing plant is designed to treat sulphide ore at a nominal rate of 60,000 tpd. The process recoveries for copper and gold averaged approximately 80% and 59% respectively from June 2013 to May 2014 inclusive. The processing plant at Chapada currently incorporates a conventional flotation process including the following elements: (i) primary crushing; (ii) semi-autogenous grinding; (iii) secondary grinding (Ball Mill); (iv) flotation; (v) thickening; (vi) filtration; and (vii) tailings disposal

Heap leaching will be introduced to process oxide mineralization from the Suruca deposit, while sulphide ore from Suruca will be processed in the existing plant.

#### *Infrastructure, Permitting and Compliance Activities*

The necessary infrastructure is in place to continue the Chapada operation, including: (i) mine and mill infrastructure including office buildings, shops, and equipment; (ii) boytailings storage facility with additional capacity for two years with plans for further expansion; (iii) electric power from the national grid; (iv) haulage roads from the mines to the plant; (v) stockpile areas; (vi) maintenance facilities; (vii) administrative office facilities. Some equipment will require replacement in the future to sustain the operation and equipment replacement is provided for in the LOM plan and budgets.

Yamana has all the environmental permits required to operate the Chapada mine and process plant. Additional permits are occasionally required for expansion or construction projects. Mine closure will include total demobilization and decommissioning of all equipment and installations. The tailings area, waste storage piles, and other affected areas will require revegetation. The closure plan is revised every three years or if there is a material change in mining activities.

Yamana is very active in engaging the local community with a series of cultural, social, and economic programs.

#### *Capital and Operating Costs*

RPA estimated the capital and operating costs in the Chapada Technical Report. LOM capital costs included for capital projects, primarily Suruca, and sustaining capital, which includes closure costs. Capital costs are in first Quarter 2014 US dollars. LOM capital costs for Chapada were approximately \$250 million and sustaining costs were approximately \$190 million.

#### *Exploration, Development and Production*

The Chapada and Corpo Sul deposits are located on claim numbers 808.923/1974, 808.931/1994 and 860.273/03 (mining licences) encompassing 3,830 hectares. The Suruca deposit is located on claim numbers 860.708/2009 and 860.595/2009 (exploration licences), totaling 845.75 hectares.

Production at the Chapada Mine in 2015 consisted of 119,059 ounces of gold and 274,533 ounces of silver, contained in concentrate compared to 107,447 ounces of gold and 296,955 ounces of silver contained in concentrate in 2014. Chapada Mine copper production was 131.0 million pounds in 2015 compared to production of 133.5 million pounds of copper in 2014. Annual precious metal production increased compared to 2014 as Corpo Sul contributed to increased gold grades partially offset by reduced throughput.

The 2015 exploration program at Chapada included a 12,000 metre infill program to upgrade and better define inferred and indicated mineral deposits at Corpo Sul and a 22,500 metre near mine program to explore southwest of the Corpo Sul deposit and elsewhere for new deposits and to test for skarn related deposits close to the main Chapada pit. A total of 12,169 metres were completed in 64 infill holes and 26,760 metres were completed in 79 holes in the near mine exploration program.

The infill programs at Corpo Sul were completed on 50 metre by 50 metre and 100 metre by 100 metre grid patterns and were successful in improving the mineral resource and reserve status of the areas drilled. The Near Mine exploration program discovered the Sucupira deposit immediately west and subparallel to the main Chapada Pit. The Sucupira deposit is a cigar shaped mineral body found in metavolcanic and metadiorite lithologies. The mineral body has a broad lower grade halo and a higher grade core which is modelled as an extension of the Cava Norte ore horizons. Preliminary resource estimations will classify a portion of the known mineral body as inferred, and subsequent drilling is planned to improve the resource categorization of mineralization shown to be continuous for 1.7 kilometres along the known strike extent.

## TECHNICAL INFORMATION – 777 MINE

On May 5, 2015 Altius completed the acquisition of Callinan Royalties Corporation pursuant to a plan of arrangement under the *Canada Business Corporations Act* (Canada) pursuant to which Altius acquired a 4% net smelter royalty and tonnage royalty on the 777 underground copper, zinc, gold and silver mine located within the Flin Flon Greenstone Belt (the “777 Mine”) owned indirectly by Hudbay Mining Inc. (“Hudbay”).

The information below with respect to the 777 Mine has been excerpted or derived from the Hudbay annual information form for the year ended December 31, 2015 dated March 30, 2016 (the “Hudbay AIF”).

Readers should consult the Hudbay AIF and the NI 43-101 technical report entitled “Technical Report, 777 Mine, Flin Flon, Manitoba, Canada”, prepared by Brett Pearson, P. Geo., Darren Lyhkun, P. Eng., Cassandra Spence, P. Eng., Stephen West, P. Eng. and Robert Carter, P. Eng. and dated effective October 15, 2012 (the “777 Technical Report”) to obtain further particulars regarding the 777 Mine. The Hudbay AIF and the 777 Technical Report are available for review under Hudbay’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The information below is subject to the assumptions, qualifications and procedures set out in the 777 Technical Report and is qualified in its entirety with reference to the full text of the 777 Technical Report.

Mr. Robert Carter, P. Eng, Director, Technical Services for Hudbay, has reviewed and approved the scientific and technical information in this section on the 777 Mine.

### *Project Description and Location*

The 777 Mine is an underground copper and zinc mine with significant precious metals credits located in Flin Flon, Manitoba. Unless the context indicates otherwise, references to the 777 Mine include the 777 North expansion.

Hudbay owns a 100% interest in the properties that comprise the 777 Mine through mineral leases, Order in Council (“OIC”) leases and mineral claims in Manitoba and Saskatchewan. The properties cover approximately 3,800 hectares, including approximately 500 hectares in Manitoba and approximately 3,300 hectares in Saskatchewan. Annual lease rental payments are \$6,913 and \$1,600 to the Manitoba and Saskatchewan governments, respectively, and the annual work expenditure requirement for the Saskatchewan properties is \$257,025. Individual leases have different expiry dates that range from 2016 to 2036. Hudbay’s surface rights and permits are sufficient for purposes of Hudbay’s current mining operations.

Liabilities associated with the 777 Mine are addressed by the closure plans that have been submitted to regulators in both Saskatchewan and Manitoba and financial assurance has been provided to cover the demolition and remediation activities outlined in such closure plans. The closure and remediation liability in respect of the property is estimated at \$1.8 million as of December 31, 2015. In addition, closure plans have been submitted and are backed with financial assurance for the associated Flin Flon Metallurgical Plant (“FFMC”), which includes the Flin Flon Tailings Impoundment System (“FFTIS”) utilized by the 777 Mine.

Mineral production from the 777 Mine property is subject to a 4% net smelter returns royalty and a 27.56 cents per tonne production royalty pursuant to a Royalty Agreement (the “Royalty Agreement”) dated as of January 1, 2015 between HBMS and Callinan Royalties Corporation (“Callinan”). The Royalty Agreement replaces the previous Net Profits Interest and Royalty Agreement, which was terminated in conjunction with the execution of the Royalty Agreement.

Precious metals production from the 777 Mine is subject to a streaming agreement between Hudbay and Silver Wheaton, as described in the Hudbay AIF.

### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The 777 Mine is located in Flin Flon, Manitoba, which has a population of approximately 6,000 people, and is accessible by paved highway. Flin Flon is the site of Hudbay’s principal concentrator and zinc plant and has well developed access to rail and air transportation. Personnel requirements for the 777 Mine and processing facilities are largely drawn from the immediate area.

Electrical power is supplied from the Manitoba Hydro and Saskatchewan Power Corporation power grids, which are fed by three hydroelectric generating stations. No issues are foreseen for securing additional electrical power in the future if required. Water for mining activities is supplied from a reservoir located adjacent to the 777 Mine site and is sufficient for operations.

Tailings from milling are sent to the Paste Backfill Plant located at the lower level of the mill building. Mixed paste backfill is pumped to one of two lined boreholes adjacent to the mill, where paste is gravity fed to 1,082 metre level for distribution to mined out stopes. Tailings not used in paste production are pumped to the FFTIS. The FFTIS is located in Saskatchewan approximately 500m to the west of Hudbay's Flin Flon Metallurgical Complex.

The 777 Mine site is 311 metres above sea level. The geographical area has cool summers and very cold winters with a mean annual temperature of 0.6° C. Operating costs in the first and fourth quarters are typically higher due to additional heating and other seasonal costs.

### *History*

In 1993, the 777 deposit was first indicated by an underground exploration hole that intersected the mineralization at a depth of 1,000 metres. In 1995, a drilling program delineated the ore body and by 1997, this ore body was defined. In 1999, development of the 777 Mine was commenced as part of the "777 Project" and commercial production from the mine commenced in January 2004. By this time, Minorco S.A. had merged with Anglo American Corporation of South Africa to form Anglo American plc ("Anglo American"). In December 2004, Hudbay acquired HBMS and the 777 Mine from Anglo American. HBMS took a working option on the 777 property in 1967 from Callinan. In 1988, HBMS acquired Callinan's remaining interest in the property and in return granted Callinan a production royalty and a net profit interest, which net profit interest has since been converted to a net smelter return royalty, as described above.

### *Geological Setting*

The 777 deposit lies in the western portion of the Paleoproterozoic Flin Flon Greenstone Belt. The Greenstone Belt is interpreted to be comprised of a variety of distinct 1.92 to 1.87Ga tectonostratigraphic assemblages including juvenile arc, back-arc, ocean floor and ocean island, and evolved volcanic arc assemblages that were amalgamated to form an accretionary collage prior to the emplacement of voluminous intermediate to granitoid plutons and generally subsequent deformation. The volcanic assemblages consist of mafic to felsic volcanic rocks with intercalated volcanogenic sedimentary rocks. The younger plutons and coeval successor arc volcanics, volcanoclastic, and sedimentary successor basin rocks include the older, largely marine turbidites of the Burntwood Group and the terrestrial metasedimentary sequences of the Missi Group (which includes the Flin Flon formation).

The Flin Flon formation is subdivided into three mappable members containing units of heterolithic and monolithic breccias, rhyolite flows and domes, and massive and pillowed basalt flows and flow top breccias. It is comprised of the Millrock member, which contains the 777 and Callinan mineralization, and the footwall to it with the Blue Lagoon and Club members. A complex succession of felsic and basalt-dominated heterolithic volcanoclastic rocks host the Flin Flon Main, Callinan and 777 volcanogenic massive sulphide (VMS) deposits within the Greenstone Belt. The north-trending, VMS-hosting, 30 to 700 metre thick volcanic/volcanoclastic succession is recognized for at least 5 kilometres along strike and has an average dip of 60°E. The volcanoclastic rocks have been interpreted to occupy a volcano-tectonic depression within a basaltic footwall succession.

### *Exploration*

#### Drilling

Diamond drilling is the only drilling type carried out for the purposes of exploration, ore zone definition and sampling of the 777 Mine. The modern 777 drilling program began in the early 2000's and, as at September 30, 2015, a total of 2,442 holes and 335,902 metres had been drilled. All holes, except a geotechnical shaft pilot hole and surface North expansion exploration holes, were drilled from underground by a contractor using AW-34, AQTk, BQ and NQ core sizes. Drill hole spacing along the 777 deposit is generally 30 to 50 metres. Core recovery is near 100% for all holes. Drilling was categorized as definition, exploration, or geotechnical. Geotechnical drilling was completed in areas of planned underground infrastructure to ensure competency.

Standard procedure is that the core is initially logged for lithology then descriptively for grain size, foliation, minor units, alteration minerals and intensity, faults, RQD, joints and contacts. Sample intervals are determined by both lithology and a visual estimate of the sulphide mineralization. As a general rule, sample intervals are approximately one metre, though the length varies depending on lithology or type of mineralization. It is likely that in no cases were samples taken from intervals less than 10 centimetres in length. However, as many of the assays are historic in nature, several were split when they overlapped lithological boundaries in the resource block model and resulted in shorter sample intervals.

### Surveying

Hudbay routinely conducts time-domain borehole electromagnetic surveys with three dimensional probes on drill holes. These probes used are induction coil probes which measure the secondary magnetic field induced by the primary field created by a loop. These electronic methods can generally detect off hole targets up to 150 metres or more from the hole depending on the size and conductivity of the target. The sample quality can be affected by active mine workings and the proximity of the geophysical apparatus to a large ore body, such as 777, which can leave an imprint of the mine itself on the data.

After the initial aggressive exploration program that defined the 777 deposit, few holes had downhole geophysical surveys. The first modern exploration drill hole at the 777 Mine, T7X-001, was pulsed in late 2004. Following that hole, little exploration work was conducted between 2005 and 2008 with only 56 holes being drilled during that four year period. Since 2009, exploration efforts have increased along with the use of downhole geophysical surveying.

In 2007 a total of 75 kilometres of high resolution 2D seismic profiles as well as a 3D survey covering approximately 10 square kilometres was completed. Results were hampered by the significant challenges posed by the complex crystalline geology of the area, proximity to an active town, active mining operations, and the highly variable terrain.

The survey resulted in a greater understanding of the area geology. Also, the discovery of Zone 33 at the 777 Mine was attributed to this survey as it showed a seismic reflector in the footwall, which was later followed up with drilling and downhole pulsing. Previous downhole geophysical surveys had noted this anomaly, but it was previously discounted as a shadow effect from the 777 Mine.

### Mineralization

The 777 and Callinan deposits occur within an east-facing sequence of volcanic rocks documented as tholeiitic and basalt-dominated, and dated around 1888 Ma. The rocks immediately hosting the mineralization, however, consist of quartz-phyric (QP) and quartzfeldspar-phyric (QFP) rhyolite flows and quartz-±feldspar crystal-lithic volcanoclastic rocks of rhyolitic composition.

The 777 deposit can be divided into two main southeast plunging trends, the North Limb and the South Limb, as well as the West Zone. All three zones lie within the same stratigraphic sequence with the same lithofacies as described above. The West Zone lies in the footwall in what is interpreted to be a lower thrust slice and both limbs have the same stratigraphic sequence. On average the lenses strike at 010° and dip to the east at 45°. All zones have a relatively shallow plunge trending at -35° towards 140°.

Horizontal widths throughout the deposit range from 2.5 metres to 70 metres in thickness, and can be thicker when two or more zones overlap. There are a total of nine distinct sulphide lenses contained within the 777 deposit. Each of the zones is distinguished based on grade and mineralization type as well as their spatial location. The 777 deposit encompasses an area approximately 1,300m downplunge by 550 metres across and varying in depth from approximately 870 to 1,600 metres below surface. Lenses in general are fairly continuous with the exception of scattered diorite intrusions.

The Callinan deposit is subdivided into two rhyolite horizons termed the East-QP and the West- QP. The East-QP is host to the lenses of the North Zone (northern portion), and the East Zone (southeast portion), and is on the same horizon as the 777 Mineralization. The West-QP hosts the South Zone (southwest portion) and its associated lenses. Each of these zones is further subdivided into a number of mineralized lenses. The subdivision of Zones into lenses was based on the spatial distribution of the mineralization. The South Zone lenses generally strikes to the north and dips at 50° to the east with a plunge trending at -50° towards 135°. The North and East Zones generally strike at 020° with a 50° dip to the east with a shallow plunge trending at -30° towards 145°.

There are a total of 20 sulphide lenses contained within the three broad zones of the Callinan deposit. The Callinan mineralization is a distal deposit that has a matrix supported breccia with variable amounts of wallrock fragments in a fine to medium grained sulphide matrix. The wallrock fragments are intensely altered with chlorite, talc and sericite with some degree of pyritization and carbonation.

These lenses contain variable amounts of pyrite, sphalerite, chalcopyrite and minor pyrrhotite. Mineralization is generally medium to coarse grained disseminated to solid sulphides consisting of pyrite, chalcopyrite, sphalerite, pyrrhotite, and magnetite. The principle gangue minerals are chlorite and quartz. Alteration minerals include biotite, epidote and actinolite.

### *Sampling and Analysis*

#### Sampling Methods

The majority of sample intervals from definition and exploration drilling were whole rock sampled with the core placed in a plastic bag with its unique sample identification tag. Typically when exploration drilling in new areas, all samples are either split or cut in half with a diamond saw and a representative portion of the hole is kept.

The bagged samples were placed in either a burlap bag or a plastic pail with a submittal sheet that was prepared by the geologist or technician. Samples were delivered to the Flin Flon assay laboratory, located in the Flin Flon Metallurgical Complex, which is owned and operated by Hudbay. Samples are checked by laboratory personnel to ensure that they match the submittal sheet. The samples were analyzed for the following elements: gold, silver, copper, zinc, lead, iron, arsenic and nickel. Base metal and silver assaying was completed by aqua regia digestion and read by a simultaneous ICP unit. The gold analysis was completed on each sample by AAS after fire assay lead collection. Gold values greater than 10g/t were reassayed using a gravimetric finish. All analytical balances are certified annually by a third party. Check weights are used daily to verify calibration of balances. All metal standards used to make the calibration standards for the AAS and ICP are certified and traceable. Each is received with a certificate of analysis. The Flin Flon assay laboratory was recently certified, in December 2011, to the ISO 9001 quality management system to help ensure it meets Hudbay's needs as well as those of other stakeholders.

A total of 112,732 samples from 3,396 drill holes were submitted to the Flin Flon assay laboratory for analysis as of the date of the most recent technical report. The average length for these sample intervals was 1.62 metres.

Bulk density measurements were taken on 2,982 of the mineralized samples selected for assaying as of the date of the most recent technical report. The measurement methodology consisted of first weighing the core sample in air, then, the sample was suspended in a tub filled with water by a chain on the underside of the scale in such a way that it did not touch the sides of the water-filled tub and the weight of the submerged sample was recorded.

#### Quality Assurance and Quality Control

As part of Hudbay's Quality Assurance and Quality Control ("QAQC") measures, a portion of the pulp duplicates has been sent to Bureau Veritas Commodities Canada Ltd. ("Bureau Veritas") in Vancouver, British Columbia, formerly Acme Analytical Laboratories Ltd., for comparison and verification purposes since early 2006. Hudbay's QAQC measures also involve the use of blank materials, reference standards, internal duplicates, and repeats.

During the drilling programs at 777 a total of four different types of blanks were inserted into the sample stream between early 2000 and September 2011. Blanks were inserted at a rate of 1 for every 20 assays until the fall of 2003, when this was reduced to 1 for every 50 assays as a means of cost reduction. Since Hudbay's assay laboratory runs batches of 50-60 samples at a time this should place at least one blank in every batch.

The use of reference standards has become increasingly systematic and they are now inserted into the sample stream at every 20th assay interval. Duplicates are used as a check to verify the repeatability of the assay data. Duplicates are run at Hudbay's laboratory at a frequency of one in twenty samples, and also at Bureau Veritas as an independent check.

Repeats, typically referred to as 'blinds', are run on a monthly basis on one sample out of every four or five duplicates that were analyzed during that month. The results are considered an internal independent check on Hudbay's assay laboratory results.

## Data Verification

Examination and mapping of the underground drifting visually confirmed the geology and VMS style of mineralization. As well, the examination of drill core for several holes has also confirmed the mineralization and geology and compared well to underground mapping with drill logs and assays. A visit was conducted to the 777 core logging and storage area, exploration core storage facility, and Hudbay's assay facility and each was deemed to be secure and in reasonable condition. In addition, the qualified person has had several discussions with current and former geologists as well as other personnel that have worked at the deposit to verify various details of the mining, infrastructure, geology, drilling and sampling.

Full verification of the data was not able to be completed as a small portion of the data from the Callinan portion of the deposit is considered historic in nature.

## Security of Samples

For security purposes, all sample preparation, splitting, handling, and storage was in the control of personnel at all times in accordance with then applicable chain of custody policies which were consistent with industry standards at the time. Hudbay implemented a documented full chain of custody procedure in August 2011. This involves the creation of a submittal sheet with all batches of drill core sent for assay by the geologist daily. The sheet is signed both by the geologist, to verify the samples were stored securely, and by the laboratory personnel, to verify it was in their control from the time it left the core shack and is consistent with the current industry standards.

## *Mineral Resource and Mineral Reserve Estimates*

### Mineral Resources

Mineral resources were separated into the 777 and Callinan portions of the deposit. This was done for mining and planning purposes as the Callinan lenses represent the upper, and more historic, portion of the mineralization and the 777 zones represent the lower more recently drilled and identified mineralization. The interpreted lenses of the 777 zones and certain Callinan lenses were built by digitizing polylines around the mineralization. Polylines were then linked with tag strings and triangulated in order to create three dimensional wireframe solids. The remainder of the mineralization was interpreted by digitizing polylines in a 2D plane around mineralized intercepts. The average strike and dip of the zone was estimated and utilized to calculate the horizontal width of the mineralization for both the 2D Gridded Seam Model and the polygonal interpretations.

The mineral resource estimate, effective as of a September 30, 2015 cut-off date for diamond drilling, was completed using MineSight 9.5 software in mine coordinates, and for the Callinan lenses, the current version of MineSight at the time of estimation. The block model was constrained by interpreted 3D wireframes of the mineralization. Gold, silver, copper, zinc, iron, specific gravity and in some cases dilution variables and horizontal width were estimated into blocks using either ordinary kriging or relative co-ordinate kriging for most lenses. Lens intersections were generally selected based on a metal grade of 3% zinc equivalent over 2 metres. Intersections were modelled as low as 0.3m to provide additional information for statistical and mine planning purposes.

### Mineral Reserves

Mining, processing and economic parameters were applied to the block model to form the basis of the reserve estimate with an effective date of January 1, 2016. The measured resources were used to estimate the proven mineral reserves and the indicated resources were used to estimate the probable mineral reserves. For mining purposes, there are eight active mining areas in the mine to allow for a blended product with the end goal to send a blended grade to the mill. Mining methods were established for each mining area and a net smelter return ("NSR") was calculated to determine the economic viability.

NSR revenues were calculated for each mining area comprised of blocks from the block model assuming metallurgical recoveries and long term metals prices. To determine the economic viability and NSR margin of each mining block, onsite operating costs, capital development and offsite costs were estimated and applied against copper and zinc concentrate produced for each mining block. The final step of the reserving process involved developing an annualized life-of-mine production plan and supporting cash flow analysis to determine the mineral reserves.

## Mineral Reserves and Resources

The following tables set forth Hudbay's estimates of the mineral reserves and resources at the 777 Mine.

<b>777 Mineral Reserves – January 1, 2016<sup>(1)(2)</sup></b>					
	<b>Tonnes</b>	<b>Cu (%)</b>	<b>Zn (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>
<b>777 Mine</b>					
Proven	3,316,000	1.80	4.85	1.79	26.71
Probable	2,986,000	1.50	4.79	1.97	27.80
<b>Total Mineral Reserve</b>	<b>6,302,000</b>	<b>1.66</b>	<b>4.82</b>	<b>1.88</b>	<b>27.23</b>
<b>777 Indicated Mineral Resources – September 30, 2015</b>					
	<b>Tonnes</b>	<b>Cu (%)</b>	<b>Zn (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>
<b>777 Mine</b>	<b>728,000</b>	<b>0.99</b>	<b>3.51</b>	<b>1.83</b>	<b>26.28</b>
<b>777 Inferred Mineral Resources – September 30, 2015<sup>(1)(2)(3)</sup></b>					
	<b>Tonnes</b>	<b>Cu (%)</b>	<b>Zn (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>
<b>777 Mine</b>	<b>683,000</b>	<b>1.02</b>	<b>4.71</b>	<b>1.76</b>	<b>32.63</b>

### Notes:

(1) Hudbay four year average metal price and foreign exchange rate forecast were used to estimate mineral reserves and mineral resources at 777 Mine. The zinc price was \$1.16 per pound (includes premium), the copper price was \$2.75 per pound, the gold price was \$1,190 per ounce and the silver price was \$16.50 per ounce using an exchange rate of 1.25 C\$/US\$.

(2) For additional details relating to the estimates of mineral reserves and resources at the 777 Mine, including data verification and quality assurance / quality control processes, refer to the Hudbay AIF and the 777 Technical Report.

(3) Mineral resources that are not mineral reserves do not have demonstrated economic viability. The above mineral resources are exclusive of mineral reserves.

### *Mining Operations*

The 777 Mine is a multi-lens orebody with shaft access down to the 1508 metre level. The mine consists of an internal ramp that provides access to each mining level. Mobile tired diesel equipment is utilized. Load haul dump ("LHD") units vary from 6.1m<sup>3</sup> to 7.6m<sup>3</sup>. Trucks are 40 to 50 ton units feeding an ore pass system or direct to rock-breakers which feed an underground crusher and ore is skipped to surface via the shaft.

Long-hole open stope is the mining method used at the 777 Mine. Mine sequencing involves primary, secondary, chevron and longitudinal retreat stopes that are either paste or unconsolidated loose waste rock backfilled. Long-hole stopes are mined at 15 metre to 17 metre vertical sill to sill intervals. Stope strike lengths are generally 16 metres with widths of 2 to 100 metres, with an average of approximately 20 metres. The ore is undercut at the top and bottom of the block, providing access for drilling and mucking. Drilling is done by top hammer long-hole drills with holes varying in length between 10 metres and 20 metres long and a hole diameter of 3 inches. Mucking is accomplished by remote LHD units and then loaded to haul trucks.

Ore at 777 Mine is loaded by LHDs to underground haul trucks, which dump to a series of ore passes that feed three chutes on 1412 metre level. Haul trucks are loaded from the chutes and haul the ore directly to the main ore pass system on 1412 metre level. The ore is temporarily stored in a 1,725 tonne coarse ore bin that feeds the crusher. From the crusher it is conveyed to a 1,600 tonne fine ore bin, where it is conveyed to a loading pocket at the 1508 metre level and placed into two 15 tonne skips and hoisted to surface. The ore on surface is hauled by 53 to 63 tonne haulage trucks directly to the Flin Flon concentrator or is dumped on a stockpile close to the concentrator.

Ore from 777 North expansion is loaded onto haul trucks by LHDs and transported up the ramp to surface. The ore is dumped on the ground prior to being sent through a surface crusher operated by a contractor. The ore is then loaded and transported for processing at the Flin Flon concentrator or stockpiled nearby.

Hudbay's Flin Flon concentrator processes 777 ore into copper and zinc concentrates. Copper concentrate is sold to third party purchasers and zinc concentrate is sent to the Flin Flon zinc plant where it is further processed into special high grade zinc before being sold to third party purchasers.

Current production rates are expected to be approximately 4,000 tonnes per day for the 777 Mine based on 363 days of production per year. Production from 777 is subject to federal and provincial income taxes, as well as the Manitoba mining tax. The combined federal and provincial income tax rates are assumed to be approximately 27% for the life of the mine.

The 777 Mine has been in commercial production since 2004 and the original project capital has already been paid back and ongoing capital is defined as sustaining capital.

#### *Production*

The following table sets forth Hudbay's production from the 777 Mine for the years ended December 31, 2015, 2014 and 2013.

<b>777 – December 31</b>				
	<b>Units</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Ore Mined	tonnes	1,235,053	1,452,933	1,625,532
Copper Grade in Ore	%	1.99	1.91	1.85
Zinc Grade in Ore	%	3.04	3.05	3.81
Gold Grade in Ore	g/t	1.58	1.72	2.02
Silver Grade in Ore	g/t	19.42	21.48	23.01

#### *Exploration and Development*

2011 marked the first year that a concentrated effort on exploration drilling was conducted from underground at the 777 Mine. Much of the drilling to that date had been focused on converting resources to reserves. In excess of 113,700 metres of underground exploration drilling has been drilled at the 777 Mine targeting additional resources in the hanging wall, footwall, along strike and in upgrading inferred resources.

An extensive exploration program was conducted from 2014 to 2015 to extend the mine life of 777. Specific work included the analysis of 7,696 litho-geochemistry samples to determine rock types and ore associated signatures, 18 select historical drill holes were geophysically re-surveyed and geology from more than 6,000 drill holes in the area were collated and reviewed. The drilling program included 18 holes from surface for 15,466 metres and 55 holes from underground for 34,564 metres. No new mineable zones were added to the mine life as the result of the program and all high priority targets have been followed up with drilling as well as most of the less category targets.

The War Baby claim prospect, defined as the area down plunge from the high grade 777 mine 30 and 60 lenses, was optioned from Callinan Royalties in late 2014. Callinan Royalties had drilled several wedges in the late 1990's from one surface hole that showed sporadic near ore grade intersections. The 777 mine geology team reviewed the information provided by Callinan Royalties and drilled seven drill holes from December 2014 to November 2015 from existing underground development to confirm historical mineralized intersections and also to provide step-out geological information. Results of this drilling indicated the sporadic mineralization was stringer type material within an intense chlorite alteration zone associated with the Second Panel, and the Upper Panel rhyolite that hosts the 777 mine lenses was almost barren of economic sulphides. The down plunge extents of 777 mine 30 and 60 lenses were not entirely defined by this drilling however based on geophysical information and previous testing suggests that no significant mineralization remains at depth.

The majority of the exploration holes drilled during the 2014 to 2015 program had time domain electromagnetic surveys completed. All high priority geophysical targets were tested during the program and no further work is warranted. In total, 36 borehole electromagnetic surveys from surface and 74 from underground have been completed to date at 777 mine.

## CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table sets forth the consolidated capitalization of Altius as at the dates indicated before and after giving effect to the Offering. This table should be read in conjunction with the financial statements of the Company incorporated by reference into this short form prospectus.

	<b>As at January 31, 2016</b>	<b>Pro Forma As at January 31, 2016 after giving effect to the Offering</b>	<b>Pro Forma As at January 31, 2016 after giving effect to the Offering (including the Over-Allotment Option)</b>
	<b>(In thousands of Canadian Dollars, except Common Shares outstanding)</b>		
<b>Cash and cash equivalents</b> <sup>(1)</sup> .....	14,800	47,560	52,548
<b>Debt</b>			
Current portion of long-term debt .....	8,000	8,000	8,000
Long-term debt .....	57,952	57,952	57,952
<b>Total Debt</b> .....	65,952	65,952	65,952
<b>Shareholders' Equity</b> .....	328,770	361,530	366,518
<b>Total Capitalization</b> .....	394,722	427,482	432,470
Common Shares outstanding .....	39,832,102	42,944,102	43,410,902

Notes:

(1) Pro-forma receipt by Altius of the net proceeds of the Offering, after deducting the Underwriters' Fee and the estimated expenses of the Offering. Altius intends to use the cash received as proceeds from the Offering to either (i) partially fund the Closing Payment directly or (ii) if the Closing Payment is paid out of the New Credit Facilities, to repay a portion of such New Credit Facilities. See "Use of Proceeds".

## DESCRIPTION OF THE COMMON SHARES

The authorized share capital of the Company consists of an unlimited number of Common Shares. As of April 18, 2016, there were 39,832,102 Common Shares issued and outstanding. See "Description of Capital Structure – Common Shares" in the AIF for a description of the terms and provisions of the Common Shares.

## DIVIDEND POLICY

Altius paid aggregate dividends of \$647,000 on the outstanding Common Shares during the year ended April 30, 2015. In the two previously completed financial years, no dividends or distributions have been paid to shareholders of the Company.

The future payment of dividends or distributions will remain dependent upon the financial requirements to fund future growth, the financial condition of the Company and other factors the Company's board of directors may consider appropriate in the circumstances. The Company is not aware of any restrictions that could prevent the paying of dividends or distributions, other than contractual restrictions under debt agreements. See "Risk Factors".

## PRIOR SALES

Other than as described below, during the 12 month period before the date of this short form prospectus, the Company has not issued any Common Shares or any securities that are convertible into Common Shares.

Date of Issue	Issuance Type	Number of Common Shares Issued or Convertible	Price per Common Share
May 1, 2015.....	Exercise of Options	1,979	\$10.13
July 24, 2015.....	Award of Options	159,027	\$14.25
May 5, 2015.....	Common Shares	7,573,297	\$12.72
July 24, 2015.....	Award of RSUs <sup>(1)</sup>	43,908	\$13.59
September 16, 2015.....	Award of DSUs <sup>(1)</sup>	9,700	\$11.86
September 28, 2015.....	Award of DSUs <sup>(1)</sup>	21,350	\$11.71
October 20, 2015.....	Award of RSUs <sup>(1)</sup>	102	\$12.86
October 20, 2015.....	Award of DSUs <sup>(1)</sup>	738	\$12.86
January 20, 2016.....	Award of RSUs <sup>(1)</sup>	171	\$7.75
January 20, 2016.....	Award of DSUs <sup>(1)</sup>	527	\$7.75

Notes:

(1) Represents the deemed value of the restricted share units or deferred share units on the date of award by the Company, although no money has been, or will be paid to the Company in connection with the issuance of Common Shares pursuant to such rights.

## MARKET FOR SECURITIES

The outstanding Common Shares are listed on the TSX under the symbol “ALS”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate trading volume of the Common Shares on the TSX.

Month	Share Price		Total Trading Volume
	High	Low	
April 2015.....	\$13.18	\$12.47	1,071,288
May 2015.....	\$14.87	\$12.61	3,184,729
June 2015.....	\$15.47	\$13.80	1,749,223
July 2015.....	\$14.78	\$11.99	1,571,813
August 2015.....	\$14.00	\$11.88	1,449,403
September 2015.....	\$12.88	\$11.25	1,642,064
October 2015.....	\$13.89	\$12.10	1,795,633
November 2015.....	\$12.95	\$11.35	1,396,085
December 2015.....	\$11.80	\$ 9.46	2,404,788
January 2016.....	\$10.21	\$ 7.39	2,043,250
February 2016.....	\$10.73	\$ 7.55	1,082,862
March 2016.....	\$12.20	\$ 9.24	1,512,139
April 1-18, 2016.....	\$12.20	\$10.59	1,036,392

Source: TMX Data

On April 18, 2016, being the last day on which the Common Shares traded before the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$10.87.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell to the Underwriters and the Underwriters have severally (and not jointly or severally) agreed to purchase on Closing an aggregate of 3,112,000 Common Shares at the Offering Price payable in cash to the Company against delivery. The Closing is expected to occur on May 3, 2016, or such other date as the Company and the Underwriters may agree, but in any event not later than 42 days following the date of receipt for the (final) short form prospectus. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion on the basis of “disaster out”, “material change out”, “breach out” and may also be terminated on the occurrence of certain other stated events. The Underwriters are, however, severally obligated to take up and pay for all of the Common Shares if any of the Common Shares are purchased under the Underwriting Agreement.

The Company has granted to the Underwriters the Over-Allotment Option to purchase up to 466,800 Optional Shares at the Offering Price and on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of the Underwriters at any time, not later than 30 days from and including the Closing, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the aggregate Offering, Underwriters’ Fee and net proceeds to the Company (before deducting expenses of the Offering) will be \$40,261,500, \$2,013,075 and \$38,248,425, respectively. This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of the Optional Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Optional Shares forming part of the Underwriters’ over-allocation position acquires the Optional Shares pursuant to this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Company has made an application to the TSX to list the Common Shares offered under this short form prospectus on the TSX. Such listing will be subject to the Company fulfilling all of the requirements of the TSX.

On April 12, 2016, the date prior to the announcement of the terms of the Offering, and on April 18, 2016, the last business day prior to the date of this short form prospectus, the closing price of a Common Share on the TSX was \$12.02 and \$10.87, respectively. The Offering Price of the Common Shares was established by arm’s length negotiation between the Company and the Co-Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.

In consideration for their services in connection with the Offering the Company has agreed to pay the Underwriters the Underwriters’ Fee equal to 5.0% of the gross proceeds of the Offering, including in respect of any exercises of the Over-Allotment Option. Subscriptions for Common Shares will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice. Registration of interests in and transfers of Common Shares will be made electronically through the NCI system of CDS. On Closing, the Company, via its transfer agent, will electronically deliver the Common Shares registered to CDS or its nominee. Common Shares held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Common Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled will be made or delivered by CDS or the CDS participant through which the shareholder holds such Common Shares. A holder of a Common Share participating in the NCI system will not be entitled to a certificate or other instrument from the Company or the Company’s transfer agent evidencing that person’s interest in or ownership of Common Shares, nor, to the extent applicable, will such shareholder be shown on the records maintained by CDS, except through an agent who is a CDS participant. The ability of a beneficial owner of Common Shares to pledge such Common Shares or otherwise take action with respect to such shareholder’s interest in such Common Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has agreed to indemnify the Underwriters and their respective directors, officers, shareholders, employees and agents against certain liabilities, including, without limitation, civil liabilities under Canadian securities legislation, and to contribute to any payments the Underwriters may be required to make in respect thereof.

The Company has agreed that it will not directly or indirectly, issue or announce its intention to issue, or negotiate or enter into an agreement to issue, any Common Shares, or financial instruments convertible or exercisable into Common Shares on a public or private placement basis in an agency or underwritten offering or otherwise, except in conjunction with (i) the Offering, (ii) the grant or exercise of stock options and other similar issuances pursuant to the stock option plan of the Corporation and other share compensation arrangements including, for greater certainty the sale of any shares issued pursuant

thereto, or (iii) to satisfy existing convertible instruments issued at the date hereof, for a period commencing on the date of the Underwriting Agreement and ending 90 days after the Closing Date, without the prior written consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld.

The Underwriters propose to offer the Common Shares initially at the Offering Price specified on the cover page of this short form prospectus. After reasonable efforts have been made to sell all of the Common Shares at the price specified, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Common Shares remaining unsold. In the event the Offering Price of the Common Shares is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Common Shares is less than the gross proceeds paid by the Underwriters to the Company for the Common Shares. Any such reduction will not affect the proceeds received by the Company. In connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of Common Shares which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the rules and policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The rules and policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

The Common Shares will be offered in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer the Common Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. All of the Common Shares sold in the Offering will be freely tradable without restriction or further registration under applicable Canadian securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares in the United States or to, or for the account or benefit of, U.S. Persons. The Common Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and, subject to certain exemptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons.

#### **RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN UNDERWRITERS**

Scotia Capital Inc. (“Scotia”) is an affiliate of a Canadian chartered bank that has entered into a binding commitment letter with Altius in respect of potential New Credit Facilities. Consequently, the Company may be considered a connected issuer of Scotia under applicable securities laws. The decision to issue the Common Shares and the determination of the terms of the Offering were made through arm’s length negotiation between the Company and the Co-Lead Underwriters. The Canadian chartered bank of which Scotia is an affiliate did not have any involvement in such decision or determination. Other than in consultation with TD Securities Inc. on the terms of the Offering as Co-Lead Underwriter, the Offering was not otherwise required by, suggested by or subject to the consent of Scotia. It is currently contemplated that the net proceeds from the Offering may be applied to repay a portion of the New Credit Facilities and as such may, directly or indirectly, be applied for the benefit of Scotia or a member of its “professional group”. See “Use of Proceeds” and “Recent Developments – Chapada Copper Purchase Agreement”. Additionally, as a consequence of the Offering, Scotia will receive its proportionate share of the Underwriters’ Fee.

## RISK FACTORS

*An investment in the Common Shares is subject to certain risks. Investors should carefully consider the risks described below, the risk factors described in the Annual MD&A and AIF and other information elsewhere in this short form prospectus and the documents incorporated by reference herein, prior to making an investment in the Common Shares. If any of such or other risks are realized, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that case, the trading price of the Common Shares could decline and investors could lose all or part of their investment in the Common Shares. There is no assurance that risk management steps which may be taken by the Company will avoid future loss due to the occurrence of the below described or other unforeseen risks. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business, prospects, financial condition, results of operations or cash flows.*

### *Volatility of Market Price of Securities*

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under the heading "Forward Looking Information". In addition, the market price for securities on stock markets, including the TSX, is subject to significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

### *Positive Return not Guaranteed*

A positive return on an investment in the Common Shares is not guaranteed. There is no guarantee that an investment in the Common Shares will earn any positive return in the short term or long term. An investment in the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

### *Use of Proceeds*

The Company intends to use the net proceeds from the Offering as described under "Use of Proceeds". However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from the description under "Use of Proceeds" if it believes that it would be in the best interests of the Company to do so or if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

### *Completion of New Credit Facilities*

In connection with the Copper Purchase Agreement, Altius also announced that the New Credit Facilities in the aggregate amount of \$150 million (comprised of a \$70 million, 4-year, amortizing term debt facility and an \$80 million, 3-year, revolving credit facility) are currently being finalized. The Bank of Nova Scotia and ING Capital LLC have each committed \$50 million to the New Credit Facilities, and a third commitment from another lender is expected prior to completion of the New Credit Facilities. While it is the current intention of the Company to complete negotiation and finalization of the New Credit Facilities prior to the date of the Closing Payment under the Copper Purchase Agreement, there can be no assurances that the Company will be able to complete the New Credit Facilities prior to such date, or at all. The failure by management of the Company to complete negotiation and finalization of the New Credit Facilities could impact the Company's ability to make the Closing Payment in connection with the Copper Purchase Agreement and in such event there is no certainty that the Company will be able to close the Copper Purchase Agreement which would impact the proposed use of proceeds from the Offering by the Company and could have a material adverse effect on the business of the Company. See "Use of Proceeds".

### *Dilution*

The number of Common Shares that the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional Common Shares from time to time subject to the rules of any applicable stock exchange on which the Common Shares are then listed and applicable securities law. The issuance of any additional Common Shares may have a dilutive effect on the interests of holders of Common Shares.

To the extent that any of the net proceeds of the Offering remain un-invested pending their use, or are used to pay down indebtedness with a low interest rate, the Offering may result in substantial dilution on a per Common Share basis to the Company's net income and certain other financial measures used by the Company.

### *Leverage Risk*

The Company's degree of leverage could have material adverse consequences for the Company, including: limiting the Company's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; restricting the Company's flexibility and discretion to operate its business; limiting the Company's ability to declare dividends on its Common Shares; having to dedicate a portion of the Company's cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures and future business opportunities; exposing the Company to increased interest expense on borrowings at variable rates; limiting the Company's ability to adjust to changing market conditions; placing the Company at a competitive disadvantage compared to its competitors that have less debt; making the Company vulnerable in a downturn in general economic conditions; and making the Company unable to make capital expenditures that are important to its growth and strategies.

### *Tax Related Risks*

There can be no assurance that the Common Shares will continue to be qualified investments for registered plans under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments.

### *Dividends*

There can be no assurance that the Company will continue to pay dividends at the current level or at all. Dividend payments are at the discretion of the board of directors of the Company and depend on the financial condition of the Company and other factors.

## **INTERESTS OF EXPERTS**

Mr. Keith Wilson, P.Eng. of Norwest Corporation, who is a "qualified person" as such term is defined in NI 43-101 and is independent of the Company, has reviewed and approved the scientific and technical information regarding the Genesee mine, the Sheerness Mine and the associated royalties, which is contained in the AIF and is incorporated by reference in this short form prospectus.

Mr. Robert Carter, P. Eng, Director, Technical Services for Hudbay, who is a "qualified person" as such term is defined in NI 43-101 and is independent of the Company, has reviewed and approved the scientific and technical information in this short form prospectus regarding the 777 Mine.

Mr. Lawrence Winter, Ph.D., P.Geo, Vice President, Exploration for Altius, who is a "qualified person" as such term is defined in NI 43-101, has reviewed and approved the scientific and technical information pertaining to the Royalty Portfolio (other than in respect of the 777 Mine or in respect of the Genesee mine, the Sheerness Mine and the associated royalties contained in the AIF and incorporated by reference in this short form prospectus) and the Chapada Mine contained in or incorporated by reference into this short form prospectus on behalf of Altius.

Other than Mr. Winter, each of the aforementioned firms or persons are independent of the Company and held no securities of the Company or of any associate or affiliate of the Company at the time of preparation of the respective reports and/or at the time of the preparation of the technical information contained in this prospectus supplement and the accompanying prospectus or the documents incorporated by reference herein or therein and did not receive any direct or

indirect interest in any securities of the Company or of any associate or affiliate of the Company. Other than Mr. Winter, none of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

### **LEGAL MATTERS**

The matters referred to under “Eligibility for Investment”, as well as certain other legal matters relating to the issue and sale of the Common Shares, will be passed upon on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

As at the date of this short form prospectus, the partners and associates of Stikeman Elliott LLP beneficially own, directly and indirectly, less than 1% of the outstanding securities of the Company. As at the date of this short form prospectus, the partners and associates of Cassels Brock & Blackwell LLP beneficially own, directly and indirectly, less than 1% of the outstanding securities of the Company.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

Deloitte LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Newfoundland and Labrador.

The registrar and transfer agent in respect of the common shares of the Company is TMX Equity Transfer Services at its principal office in Toronto, Ontario.

### **REGULATORY RELIEF**

Pursuant to a decision of the Autorité des marchés financiers dated April 15, 2016, the Company was granted exemptive relief from the requirements that certain documents incorporated by reference in this short form prospectus be publically filed in both the French and English languages. For the purposes of this preliminary short form prospectus only, the Company is not required to publically file French versions of certain of the documents incorporated by reference herein. However, the Company is required to file French versions of the documents incorporated by reference herein at the time of filing the (final) short form prospectus in connection with the Offering.

### **PURCHASERS’ STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE COMPANY**

Dated: April 19, 2016

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**ALTIUS MINERALS CORPORATION**

By: (Signed) BRIAN DALTON

Chief Executive Officer

By: (Signed) BEN LEWIS

Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) JOHN BAKER

Director

By: (Signed) DONALD WARR

Director

## **CERTIFICATE OF THE UNDERWRITERS**

Dated: April 19, 2016

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**TD SECURITIES INC.**

By: (Signed) SAJID RIZVI

**SCOTIA CAPITAL INC.**

By: (Signed) ELIAN TERNER

**RAYMOND JAMES LTD.**

By: (Signed) GAVIN MCOUAT

**BMO NESBITT BURNS INC.**

By: (Signed) TOM JAKUBOWSKI

**HAYWOOD SECURITIES INC.**

By: (Signed) FRANK STRONACH

