

Abitibi Royalties: Permitting to Begin in Q4-2017 for Potential Underground Mining at Odyssey Zones & East Malartic Zones

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VAL-D'OR, QUÉBEC--(Marketwired - Oct. 30, 2017) - Abitibi Royalties Inc. (TSX VENTURE:RZZ) ("Abitibi Royalties" or the "Company") is pleased to provide an update on the Company's various net smelter royalties ("NSR") at the Canadian Malartic Mine, near Val-d'Or, Québec, which is jointly operated by [Agnico Eagle Mines Ltd.](#) ("Agnico Eagle") and [Yamana Gold Inc.](#) ("Yamana") and a financial update, including year-to-date cash flows, investments and Normal Course Issuer Bid.

Odyssey Project Advancing Towards Production (Abitibi Royalties - 3% NSR)

Exploration, Permitting & Engineering Update (Fig. 1-4)

Abitibi Royalties holds a 3% NSR on the Odyssey Zones located within the Malartic CHL Property, which is east of the Canadian Malartic open pit (Fig. 1 - including new mineral outlines).

a) Odyssey Exploration Update

During the third quarter of 2017, 37 holes (totalling 20,704 metres) were drilled at Odyssey. For the first three quarters of 2017 a total of 106 holes (totalling 69,139 metres) were drilled. The primary focus during the third quarter was on further defining the Internal Zones between the Odyssey North and South Zones and expanding and upgrading the mineral resources in Odyssey South. Drilling carried out to date suggests that these Internal Zones could increase the mineral resource base and enhance the economics of the project by adding higher grade mineral resources that would require minimal additional infrastructure to access. Canadian Malartic GP disclosed in their October 19th, 2017 presentation ("Projet Odyssey: Un Voyage Vers la Mine") at the AEMQ XPLOR 2017 conference that there are 4 mineralized zones within the Jupiter Zone and 8 mineralized zones in the Internal North Zone, which are in addition to Odyssey North. Several additional Internal Zones have been discovered, but their location relative to Abitibi Royalties' 3% NSR is unknown at this time. In February 2017, the mine operators released a number of significant drill results from the newly discovered Internal Zones that were not included in the initial inferred resource estimate. An Inferred Mineral Resource estimation for the Internal Zones is to be completed by the end of 2017 and released in early 2018. In addition, the presentation outlined new vertical dimensions for Odyssey North, with the top of the deposit starting 570 metres below surface and the bottom reaching 1,420 metres (previously stated as 600 metres and 1,300 metres).

b) Odyssey Production Permitting Initiated

The mine operators are evaluating potential underground mining scenarios at the Odyssey Project. Permitting activities will start in the fourth quarter of 2017 for potential underground mining scenarios.

Abitibi Royalties believes that all of Odyssey North and the extreme northwest area of Odyssey South (as of December 31, 2016) are contained within its 3% NSR. In addition, The Company believes, based on publicly available data, that the majority of the Jupiter Zones and Internal North Zones fall within Abitibi Royalties 3% NSR (Fig. 4). Additional Internal Zones such as Internal South Zones (Zones S1-S10) are not believed to be contained within the Company's 3% NSR (Fig. 4). The location of the Internal Zones (Zones 11-12, 14-16) and the Beluga Zones (1-2) are currently unknown with respect to the Company's NSR.

c) Odyssey Project Engineering

On October 19th, 2017 Canadian Malartic GP presented an overview of the metallurgical and bond ball mill test work for the Odyssey Project.

Gravimetric tests showed gold recoveries of approximately 75%. Standard leaching tests showed >96% gold recovery in 48 hours (p80 75 um). Improvements were seen with pre-aeration with gold recoveries >95% in 24 hours (p80 75 um) versus 28 hours for the Canadian Malartic Mine. Comminution tests using a bond ball mill work index (BWI) returned between 14-15 kWh/t, similar to the Canadian Malartic Mine. The presentation also outlined how ramp access and/or sinking a shaft are being studied in order to access the mineralization.

East Malartic Mine - Another Source of Potential Cash Flow (Abitibi Royalties - 3% NSR)

(Fig. 1-3)

Exploration efforts have focused on exploration and confirmation drilling at the East Malartic historic mine area. As last reported by Yamana, a total of 38,300 metres in 40 holes have been completed through September 1, 2017. A total of 47,000 metres of core drilling is planned for 2017. Please see Fig. 2 for East Malartic area of focus and the area covered by Abitibi Royalties 3% NSR. A mineral envelop for East Malartic and the Sheenan Zone using a 1 gpt cut-off has been published by Agnico Eagle and reproduced outlining the approximate west-east boundaries of Abitibi Royalties 3% NSR (Fig. 3). Permitting activities will start in the fourth quarter of 2017 for potential underground mining scenarios.

Abitibi Royalties believes that the areas at the East Malartic mine covered by its NSR include the deeper portions of the Main/East Zones, Porphyry Swarm, East Porphyry and the Chert Wedge Zone (for more information see news release - September 5, 2017). The latter three zones may straddle the southern property boundary of the Company's NSR at depth and the Chert/Wedge Zone along strike to the east. These zones are in addition to the Norrie Zone (for more information on the Norrie Zone see news release - August 19, 2014).

Near Pit Targets (Abitibi Royalties - 2% & 3% NSR's)

(Fig. 2)

Exploration programs at the Canadian Malartic Mine are ongoing to evaluate several Near Pit Targets. Abitibi Royalties holds an NSR on several of the Near Pit Targets that have been outlined by the mine operators that include the eastern portion of the Gouldie Zone (2% NSR), Charlie Zone (2% NSR), eastern portion of the Barnat Extension/Barnat South Wall Contract (3% NSR) and the Sheehan Zone (3% NSR) (Fig. 2). Agnico Eagle previously stated in its Q4-2016 news release that the company is evaluating several potential opportunities at a number of existing operations to enhance its production profile in 2018 through 2020. The Near Pit Targets around the Canadian Malartic Mine were identified as one possible opportunity.

Cash Flow, Investments and Normal Course Issuer Bid Update

The Company's cash flow (dividends, covered call/put option premiums and interest in 2017 (as of October 27, 2017) totals approximately CDN\$1.8 million. This is up from approximately CDN\$1.3 million as reported on September 5th, 2017. Cash flow has been mainly used to buyback the Company's shares, purchase new royalties under the Abitibi Royalty Search and for administration expenses. The Company is targeting cash flow for the full-year between CDN\$2.0-\$2.5 million before administration expenses. In 2018 and 2019, the Jeffrey and Barnat Extension royalties are expected to enter production, adding two new sources of near term cash flow.

Since reported on September 19th, 2017, Abitibi Royalties has acquired through its Normal Course Issuer Bid ("NCIB"), an additional 4,800 shares at an average cost of CDN\$9.02 per share. A total of 147,600 shares have been repurchased since October 2015. The Company has approximately 11.4 million shares outstanding (as of October 27, 2017).

In February 2017, the Company announced that it had delivered 108,700 shares of Agnico Eagle under its

covered call contracts and that Abitibi Royalties would look to reacquire the shares through short-term put contracts at prices below what they were sold. Put premiums received to date total approximately CDN\$550,000. Although the Company has not reacquired the shares, the price of Agnico Eagle on the New York Stock Exchange is near the strike prices used. For details on the put contracts please see Table 1. below. The Company will notify shareholders should the shares be reacquired.

Table 1. Agnico Eagle Put Option Details

Type	Agnico Eagle Shares	Option Expiry Date	Strike Price (\$USD)	Premiums Earned (\$USD)	Price Sold Jan. 2017 (\$USD)
Put	43,500	Nov. 17, 2017	\$44	\$6.16	\$45
Put	65,100	Feb. 16, 2018	\$39	\$2.39	\$40

For more information on the Company's investments, dividends, individual put and covered call contracts and NCIB, please see the Company's Q2-2017 MD&A (prepared as of August 18th, 2017) and Q2-2017 Financial Statements, which can be found on the Company's website www.abitibiroyalties.com.

Technical Information

Abitibi Royalties has not received any of the 2017 drill hole or exploration data from the Internal Zones, Odyssey North, Odyssey South, East Malartic Mine or Near Pit Targets that has not been made public. The Company cannot make any assurances that all or any of the recent drilling completed at the Internal Zones, Odyssey North, Odyssey South, East Malartic Mine or Near Pit Targets referenced by the mine operators has encountered mineralization where Abitibi Royalties holds an NSR. Although the Company believes the drill results released in February 2017 from the Internal Zones could have a positive impact on its 3% NSR, the Company has not independently verified the drill hole data and cannot confirm, nor can there be any assurance, that all or any of the drilling from the Internal Zones encountered mineralization on the Malartic CHL Property where the Company holds a 3% NSR. The Company has not received any of the 2017 drill results for the portions of the East Malartic Mine where Abitibi Royalties holds a 3% NSR. As of December 31, 2016, the Company believes that all of Odyssey North was contained within the Company's 3% NSR. The mineralization at Odyssey North is located near the southern property boundary of the Company's 3% NSR, particularly at depth near in the eastern part of the deposit. Abitibi Royalties has not been informed if the increased vertical extent of the deposit is located within the Company's 3% NSR. The Company has not received any of the 2017 Odyssey South or Near Pit Targets drill results and does not know if any of the mineralization encountered is contained within the Company's 3% NSR. The full impact of the additional drilling will not be known until the mine operators calculate an updated reserve and resource estimate for the portions that are attributable to the Company's NSR interest.

QUALIFIED PERSON

Glenn Mullan, Chairman, is the Qualified Person (as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects) who has reviewed this news release based on the data provided and is responsible for the technical information reported herein.

Information contained in this news release (excluding NSR property boundaries outlined on Fig. 1-3) is derived from information contained in Agnico Eagle's Q3-2017 news release (October 25, 2017), Q2-2017 news release (July 26, 2017), Q1-2017 news release (April 27, 2017), Q4-2017 news release (February 15, 2017), Agnico Eagle's Denver Gold Show slide presentation (September 26, 2017), Yamana Q3-2017 MD&A (October 26, 2017), Yamana Q3-2017 slide presentation (October 27, 2017), Yamana news release (September 25, 2017) Canadian Malartic's AEMQ XPLORE 2017 presentation titled "Projet Odyssey: Un Voyage Vers la Mine" (October 19, 2017) and without independent verification.

About Abitibi Royalties

Abitibi Royalties holds a 3% NSR on the Odyssey North and other portions of the Odyssey Project, Jeffrey Zone, eastern portion of the Barnat Extension and parts of the historic East Malartic Mine, where the mineralization is located inside the Malartic CHL property and a 2% NSR on portions of the Gouldie and Charlie zones, all at the Canadian Malartic Mine near Val-d'Or, Québec. In addition, the Company is building a portfolio of royalties on early stage properties near producing mines. The Company has cash and

securities with a market value of approximately CDN\$38.8 million. The Company is debt free.

[Golden Valley Mines Ltd.](#) and Rob McEwen hold approximately 49.2% and 12.2% interest in Abitibi Royalties, respectively.

Forward Looking Statements:

This news release contains certain statements that may be deemed "forward-looking statements". Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or realities may differ materially from those in forward looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as required by law, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

[Abitibi Royalties Inc.](#) and its Regulation Services Provider (as that term is defined in the [TSX Venture Exchange](#)) accepts responsibility for the adequacy or accuracy of this news release.

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To view Figures 1-4, please visit the following links:

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Figure 1 - http://media3.marketwire.com/docs/1104070_Fig-1.pdf
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