

Nova Royalty Secures Right To Acquire A Royalty On Lundin Mining's Josemaria Copper Project

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VANCOUVER, May 24, 2022 - [Nova Royalty Corp.](#) ("Nova" or the "Company") (TSXV: NOVR) (OTCQB: NOVRF) is pleased to announce that it has entered into a purchase agreement (the "Agreement") with arms' length private parties (the "Sellers") pursuant to which Nova has secured the right to acquire a portion of an existing royalty (the "Royalty") on the Josemaria copper-gold-silver project in San Juan, Argentina ("Josemaria"), owned by [Lundin Mining Corp.](#) ("Lundin Mining") (TSX:LUN) (Nasdaq Stockholm: LUMI), (the "Transaction"). Nova will also be granted a Right of First Refusal (the "ROFR") in respect to an additional portion of the Royalty that will be retained by the Sellers upon closing of the Transaction.

Alex Tsukernik, Nova's President and CEO, commented, "Securing rights to a royalty on the Josemaria project further demonstrates Nova's ability to execute on its strategy of building a diversified portfolio of Tier-one copper projects owned by proven operators and mine builders. Josemaria represents one of the most advanced large-scale copper development projects in the Americas; and with a construction decision expected in the second half of 2022, the project has a clear path to production."

Mr. Tsukernik continued, "The addition of the Josemaria royalty means Nova will own royalties on four of the ten largest open pit copper projects in the Americas as measured by copper equivalent reserves. Three of these four projects - Taca Taca, Copper World/Rosemont, and now Josemaria - comprise a significant proportion of what is just a handful of large-scale copper projects being actively advanced by major operators towards production."

Mr. Tsukernik concluded, "Nova continues to consolidate its ownership of royalties on some of the most strategic greenfield copper projects in the Americas - projects which we believe will become the backbone of future copper supply necessary to make the global energy transition a reality. We are excited about our acquisition pipeline of both Tier-one development assets and near-term cash flowing opportunities as we continue to build a one-of-a-kind copper royalty company."

The Royalty, in its entirety, is a 0.5% net profit interest ("NPI") royalty, which covers the area of the mineral reserve estimate for Josemaria and is payable for a period of 10 years, plus an additional \$2.0 million payment six months following two full years of production. In addition to Josemaria, the Royalty covers a number of other mining tenements in the Vicuña region (the "Additional Royalty Area").

The portion of the Royalty that will be acquired by Nova (the "Royalty Portion") is subject to the finalization of an estate partitioning process in Argentina. The Transaction is not expected to close until the conclusion of this process, which may require more than 12 months. However, through the Agreement, Nova has secured rights to future ownership of the Royalty Portion at a predetermined price. The Agreement specifies a total purchase price of \$13.7 million for 100% of the Royalty (the "Total Royalty Price"), payable at the achievement of future milestones, plus additional advanced payments of \$100,000.

The consideration to be paid to the Sellers (the "Transaction Consideration") will be calculated by adjusting the Total Royalty Price for the Royalty Portion on a pro rata basis. Nova currently expects to acquire approximately 16.7% of the Royalty (approximately 0.08325% NPI) for total aggregate consideration of \$2.4 million (including the advanced payments), with a ROFR over an additional 16.7% of the Royalty (approximately 0.08325% NPI).

Transaction Highlights

- Josemaria is one of the most advanced, large-scale development projects in the Americas, with a clear path to production
- Lundin Mining is a proven mine builder and operator, committed to the development of Josemaria, where a construction decision is expected in the second half of 2022
- Attractive initial exposure in the Vicuña region, an emerging district that already hosts several world-class deposits (Josemaria, Filo del Sol, Los Helados), and which is an area of considerable focus for Lundin Mining and the Lundin Group of Companies

Royalty Description

The Royalty, in its entirety, comprises a lump-sum payment of \$2.0 million, payable within six months of the completion of the second full year of mine operations, and a 0.5% NPI royalty over Josemaria for a period of 10 years. The Royalty covers the vast majority (99.7%) of the area of the current mineral reserve estimate for Josemaria. A map of the area covered by the Royalty in relation to the Josemaria deposit is shown below.

The Royalty also covers the Additional Royalty Area, which includes mining tenements in Argentina that currently form a portion of the Los Helados project. While the Additional Royalty Area does not currently cover any defined mineral resources, it is well situated for further exploration in the Vicuña region, an emerging mining camp hosting other world-class orebodies such as Filo del Sol (Filo Mining) and Los Helados (NGEX Minerals) and may benefit from the definition of new mineral deposits in the area.

Josemaria Overview

Josemaria is 100% owned by Lundin Mining and is located in the San Juan Province of Argentina, approximately 9km east of the Chile-Argentina border. Josemaria is currently expected to employ conventional truck and shovel open pit mining, with conventional primary crushing, grinding and flotation to produce a gold-rich copper concentrate. Over a 19-year mine life, average annual production is forecast to be 131,000 tonnes of copper, 224,000 oz of gold and 1.0 million oz of silver at an average total cash cost of US\$1.55/lb copper equivalent.⁽¹⁾

Lundin Mining acquired Josemaria through its acquisition of Josemaria Resources, which closed in April 2022. On April 11, 2022, the mining authority of San Juan, Argentina approved the Environmental Social Impact Assessment for Josemaria. Lundin Mining reported that it is currently advancing commercial agreements and additional sectoral permits with national and provincial authorities in Argentina, which it expects to complete in 2022 ahead of a construction decision. Lundin Mining reported that it is completing basic engineering and study work for an updated technical report, which will include updated cost estimates and evaluation of potential scope changes compared to plans envisaged in a Feasibility Study completed by Josemaria Resources in November 2020. Lundin Mining reported that it expects to publish an updated technical report in Q4 2022 and intends to spend up to \$300 million to advance development of Josemaria ahead of a construction decision in H2 2022.⁽²⁾

As of December 20, 2021, Lundin Mining disclosed the mineral reserve and resource estimates for Josemaria as follows, which were estimated by Josemaria Resources and extracted from the Feasibility Study completed by Josemaria Resources in November 2020:

Mineral Reserve Statement ⁽³⁾

		Grade			Contained Metal		
Category	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (Mlbs)	Au (Moz)	Ag (Moz)
Proven	197	0.43	0.34	1.33	1,844	2.14	8.43
Probable	815	0.27	0.19	0.85	4,861	4.87	22.29
Total (P&P)	1,012	0.30	0.22	0.94	6,705	7.02	30.72

Sulphide Mineral Resource Statement at 0.1% Copper Equivalent Cut-Off ⁽³⁾

		Grade			Contained Metal		
Category	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (Blbs)	Au (Moz)	Ag (Moz)
Measured	197	0.43	0.34	1.3	1.9	2.2	8.5
Indicated	962	0.26	0.18	0.9	5.5	5.6	26.6
Total (M&I)	1,159	0.29	0.21	0.9	7.4	7.8	33.5
Inferred	704	0.19	0.10	0.8	2.9	2.3	18.6

Oxide Mineral Resource Statement at 0.2g/t Gold Cut-Off ⁽³⁾

		Grade		Contained Metal	
Category	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Au (Koz)	Ag (Koz)
Measured	26	0.33	1.2	280	994
Indicated	15	0.28	1.3	132	632
Total (M&I)	41	0.31	1.2	410	1,585
Inferred	-	-	-	-	-

Transaction Details

The Agreement defines a total purchase price of \$13.7 million for 100% of the Royalty, payable at the achievement of future milestones, plus advanced payments of \$100,000. The Transaction Consideration will be calculated pro rata for the Royalty Portion acquired by Nova. Payments in connection with the Transaction will be as follows:

- Advanced payments totaling \$100,000, payable in cash
- 50% of the Transaction Consideration, payable in cash 30 business days following the receipt of notice that Nova has been recorded as sole titleholder of the Royalty Portion with the relevant mining authority
- 25% of the Transaction Consideration, payable in cash 30 business days following commencement of construction at Josemaria, provided, however, that the estate partitioning has first been finalized
- 25% of the Transaction Consideration, payable in cash 30 business days following the 12-month anniversary of commercial production at Josemaria, provided, however, that the estate partitioning has first been finalized

Transaction Financing

Nova also announces that it will draw down (the "Drawdown") an additional C\$1.5 million under its existing amended and restated convertible loan facility with Beedie Capital (the "Beedie Capital Facility"), the terms of which are disclosed in the Company's news release dated February 10, 2021. Proceeds from the Drawdown will be used to fund the advanced payments a portion of the future Transaction Consideration and general corporate purposes.

The Drawdown will increase the total amount drawn under the Beedie Capital Facility to C\$8.0 million, with an additional C\$17.0 million remaining available to the Company. The Drawdown is subject to the acceptance of the TSXV.

The Drawdown is convertible by Beedie Capital into 546,764 common shares of the Company at a conversion price of C\$2.74342 per share which is based on a 20% premium above the 30-day volume-weighted average price of the common shares of Nova on the TSXV calculated up to and including May 20, 2022, in accordance with the terms of the Beedie Capital Facility. Any common shares of the Company issued upon conversion of the Drawdown Amount will be subject to a four month and one day hold period.

Qualified Person

Technical information contained in this news release originates in the public disclosure set out above and has been reviewed and approved by Christian Rios, AIPG Certified Professional Geologist, Advisor to Nova and a Qualified Person as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects.

About Nova

Nova is a royalty company focused on providing investors with exposure to the key building blocks of clean energy - copper and nickel. The Company is headquartered in Vancouver, British Columbia and is listed on the TSXV under the trading symbol "NOVR" and on the US OTCQB under the ticker "NOVRF".

On Behalf of Nova Royalty Corp.,

(signed) "Alex Tsukernik"
President and Chief Executive Officer

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Notes:

- (1) Refer to the press release titled "Lundin Mining to Acquire Josemaria Resources, Meaningfully Increasing Copper and Gold Growth Profile" published by [Lundin Mining Corp.](#) dated December 20, 2021.
- (2) Refer to the press release titled "Lundin Mining Announces Closing of Acquisition of Josemaria Resources and Provides Update on Josemaria Project" published by [Lundin Mining Corp.](#) dated April 28, 2022.
- (3) Refer to the press release titled "Lundin Mining to Acquire Josemaria Resources, Meaningfully Increasing Copper and Gold Growth Profile" published by [Lundin Mining Corp.](#) dated December 20, 2021.

TECHNICAL AND THIRD-PARTY INFORMATION

Except where otherwise stated, the disclosure in this press release relating to the Josemaria project is based on information publicly disclosed by [Lundin Mining Corp.](#), as the owner and operator of the property, information publicly disclosed by [Josemaria Resources Inc.](#), as the owner and operator of the property prior to its acquisition by [Lundin Mining Corp.](#), and information/data available in the public domain as at the date hereof and none of this information has been independently verified by Nova. Specifically, as a future royalty holder, Nova has limited, if any, access to the property subject to the Royalty. Although Nova does not have any knowledge that such information may not be accurate, there can be no assurance that such third party information is complete or accurate. Some information publicly reported by the operator may relate to a larger property than the area covered by the Royalty. Nova's royalty interests often cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of a property.

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking information" and "forward-looking statements" within the

meaning of applicable securities legislation. The forward-looking statements herein are made as of the date of this press release only, and the Company does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this press release includes, but is not limited to, exploration and expansion potential, production, recoveries and other anticipated or possible future developments on the Josemaria project, current commodity prices, the payment frequency of the under the Royalty, current and potential future estimates of mineral reserves and resources; future commercial production from the Josemaria project or other designated areas; the favourable and timely completion of the estate partitioning process in Argentina; and the attainment of any required regulatory approval to the acquisitions of the Royalty. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of Nova to control or predict, that may cause Nova's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein, including, but not limited to, the risk factors set out under the heading "Risk Factors" in the Company's annual information form dated April 29, 2022 available for review on the Company's profile at www.sedar.com. Such forward-looking information represents management's best judgment based on information currently available. Except as required by applicable securities laws, 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. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

(All dollar amounts are in United States Dollars unless otherwise indicated)

SOURCE [Nova Royalty Corp.](#)

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