

Royal Gold Acquires Gold Stream on Ero Copper's Highly Prospective NX Gold Mine

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[Royal Gold Inc.](#) (NASDAQ: RGLD) (together with its subsidiaries, "Royal Gold" or the "Company," "we" or "our") announced today that its wholly-owned subsidiary RGLD Gold AG ("RG AG") has entered into a precious metals purchase agreement ("Stream Agreement") for gold produced from the NX Gold Mine in Brazil with Ero Gold Corporation, a wholly-owned subsidiary of [Ero Copper Corp.](#), and certain of its affiliates (together, "Ero").

Royal Gold will make an advance payment of \$100 million at closing ("Closing Advance"), and up to an additional \$10 million of further payments depending on meeting success-based targets related to regional exploration ("Exploration Advance") and resource additions ("Resource Advance"), in return for 25% of the gold produced from the NX Gold Mine until the delivery of 93,000 ounces, and 10% thereafter ("Gold Stream"). Royal Gold will pay 20% of the spot gold price for each ounce delivered until the delivery of 49,000 ounces, and 40% of the spot gold price thereafter.

"We are pleased to complete this gold stream investment on the highly prospective NX Gold Mine," commented Bill Heissenbuttel, President and CEO of Royal Gold. "The NX Gold Mine is a low-cost operating mine with a history of reserve replacement and resource additions, and Ero is a high-quality and well-funded operator with a proven record of exploration success. In addition to supporting near-mine and regional exploration efforts, we are pleased to incorporate delivery-based payments dedicated to supporting Ero's ESG programs in the local communities around the mine."

"This acquisition meets our strategic criteria for investment," continued Mr. Heissenbuttel, "which include gold revenue, immediate cash flow, a large land package with significant exploration potential, and underutilized installed processing capacity, all backed by a management team that has a solid plan to realize the mine's full potential. The acquisition structure is also unique and provides incentives for Ero to continue its planned exploration and resource growth programs to the long-term benefit of Royal Gold, Ero and other stakeholders of the NX Gold Mine."

Acquisition Highlights

- Immediate and meaningful contribution: The economic effective date of the transaction is May 1, 2021. Assuming Ero's 2021 gold production guidance from the NX Gold Mine of 34,500 - 37,500 ounces, gold deliveries to Royal Gold over the 8-month period from May 1 through December 31, 2021 are expected to be approximately 6,000 ounces.
- Attractive exploration potential with incentive structure: The area of interest ("AOI") covered by the Stream Agreement includes excellent near-mine and regional exploration potential over an underexplored area, with potential shear-zone mineralization extending over a total strike length of approximately 50 kilometers. The Resource Advance and Exploration Advance payments provide further incentives for Ero to continue to execute its exploration strategy and add new resources and reserves to the mine plan.
- Underutilized processing capacity provides potential for incremental production growth: The NX Gold Mine processing facilities have capacity to process approximately 300,000 tonnes of ore per year, leaving approximately 130,000 tonnes of excess capacity at current throughput volumes. Utilization of this excess capacity could significantly increase production volumes in the future.
- Accretive on per share metrics: The acquisition will be funded using available cash without issuing new shares.

Transaction Overview

Gold Stream

Royal Gold will make the \$100 million Closing Advance payment in return for 25% of the gold produced from the NX Gold Mine until the delivery of 93,000 ounces, and 10% thereafter. Royal Gold will pay 20% of the spot gold price for each ounce delivered until the delivery of 49,000 ounces, and 40% of the spot gold price thereafter.

Exploration Advance

Royal Gold will pay an Exploration Advance of up to \$5 million at a rate of \$100 per meter of exploration drilling outside of the current mining area. This payment will apply to exploration conducted from the beginning of 2022 through the end of calendar 2024 and is designed to incentivize Ero to continue its exploration strategy throughout the AOI.

Resource Advance

Royal Gold will pay a Resource Advance of up to \$5 million at a rate of \$20 per ounce of Measured and Indicated Resources added to the mine plan, excluding the conversion of existing Inferred Resources. This payment will remain available to Ero until the end of calendar 2024 and is designed to incentivize Ero to continue its strategy of growing the resources and reserves at the mine.

ESG Contribution

Royal Gold will contribute \$5 per ounce of gold delivered under the Stream Agreement towards Ero's environmental, social and governance ("ESG") commitments within the area of influence of the NX Gold Mine.

Security

The interests of Royal Gold under the Stream Agreement are supported by guarantees from [Ero Copper Corp.](#) and NX Gold S.A. and are secured by a pledge of [Ero Copper Corp.](#)'s direct and indirect ownership interest in the NX Gold Mine, subordinated to Ero's existing \$150 million senior secured credit facility and certain other Ero obligations.

Timing

Closing of the Stream Agreement is subject to customary conditions and is expected to occur in the third calendar quarter of 2021.

The Stream Agreement is effective as of May 1, 2021 and deliveries are accrued from that date. Under the terms of the Stream Agreement, Royal Gold will receive gold stream deliveries monthly and expects to sell the gold within a few weeks of receiving each delivery. Royal Gold will recognize revenue from the sale of delivered gold after the sale has occurred.

Background on the NX Gold Mine

The NX Gold Mine consists of fully integrated underground mining and processing facilities located in southeastern Mato Grosso State, Brazil, approximately 18 kilometers west of the town of Novo Xavantina and 670 km east of the state capital city of Cuiabá. The total NX Gold Mine property, including exploration concessions, covers an area of approximately 45,300 hectares.

The high-grade, shear-zone hosted, quartz vein system is accessed via a single decline, and current mining operations are focused on the Santo Antonio vein. Ore is processed using a conventional three-stage crushing circuit, milling, and a combination of gravity concentration and intensive leaching and flotation

followed by carbon in leach processing. Near mine exploration activities are focused on down-plunge extensions of the Santo Antonio vein, the Matinha vein and untested near-mine targets. The first regional exploration campaign at the NX Gold Mine is also currently underway. There are currently 10 exploration drill rigs operating on near-mine and regional exploration targets, with a 2021 drilling budget of 60,000 meters.

Probable reserves of the NX Gold Mine contained 244,700 ounces of gold (862,100 tonnes at a grade of 8.83 grams per tonne) as of September 30, 2020. Indicated resources (inclusive of reserves) contained 269,900 ounces (770,200 tonnes at a grade of 10.90 grams per tonne) and inferred resources contained 194,600 ounces (573,800 tonnes at a grade of 10.55 grams per tonne) as of August 31, 2020.

Ero expects gold production for 2021 to come from approximately 167,000 tonnes of ore mined from the Santo Antonio Vein at a grade of 7.20 grams per tonne and recovery of 92.0%, resulting in full year gold production guidance in the range of 34,500 to 37,500 ounces at an all-in sustaining cost ("AISC") of \$875 to 975 per ounce. Ero also expects gold production for 2021 through 2024 to average approximately 41,000 ounces and life-of-mine AISC to average approximately \$720 per ounce.

Corporate Profile

Royal Gold is a precious metals stream and royalty company engaged in the acquisition and management of precious metal streams, royalties and similar production-based interests. As of March 31, 2021, the Company owned interests on 187 properties on five continents, including interests on 41 producing mines and 19 development stage projects. Royal Gold is publicly traded on the Nasdaq Global Select Market under the symbol "RGLD." The Company's website is located at www.royalgold.com.

Forward-Looking Statements: This press release includes "forward-looking statements" within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like "will," "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," or negatives of these words or similar expressions. Forward-looking statements include, among others, statements about the Company's anticipated payment schedule to Ero, gold production estimates, potential resources and reserves, the NX Gold Mine's potential production growth, Ero's anticipated exploration schedule, and the expected timing of the closing of the Stream Agreement.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others, the following: a lower-price environment for gold or other metals; development and other activities relating to the NX Gold Mine; adverse economic and market conditions; changes in laws or regulations; and other factors described in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended June 30, 2020, and subsequent Forms 10-Q. Most of these factors are beyond our ability to predict or control.

Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

Statement Regarding Third-Party Information: Certain information in this press release, including production estimates and reserve and resource amounts, has been provided to us by Ero or is publicly available information filed by Ero with applicable securities regulatory bodies. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of any such third-party information and refers the reader to the public reports filed by Ero.

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