

Nova Royalty Corp. To Add Royalty On Hudbay's Copper World And Rosemont Copper Projects

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VANCOUVER, Jan. 10, 2022 - [Nova Royalty Corp.](#) ("Nova" or the "Company") (TSXV: NOVR) (OTCQB: NOVRF) is pleased to announce that it has entered into a royalty purchase agreement (the "Agreement") with arm's length private parties (the "Sellers") pursuant to which Nova will acquire an existing 0.135% net smelter return ("NSR") royalty, (the "Royalty") on the Copper World and Rosemont copper projects in Arizona, USA (the "Transaction"), owned by [HudBay Minerals Inc.](#) ("Hudbay") (TSX:HBM) (NYSE: HBM). Nova will also be granted a Right of First Refusal (the "ROFR") in respect to an additional 0.540% NSR owned by the Sellers covering the same area as the Royalty. The purchase price for the Royalty includes \$1.0 million in cash and \$0.5 million in stock payable at closing, \$1.0 million in cash payable 12 months after closing, and \$3.0 million in cash following the ramp-up of production at either Copper World or Rosemont.

Alex Tsukernik, Nova's President and CEO, commented, "We are excited to be adding another high-quality, long-life royalty to Nova's portfolio of generational assets. Copper World and Rosemont represent one of the largest and most strategic copper districts in the United States, with Hudbay recently reporting an initial mineral resource at Copper World of over 400 million tonnes. We are also encouraged to see Hudbay, a top-tier operator, advance and prioritize this project as a near-term production opportunity."

Mr. Tsukernik continued, "This acquisition further demonstrates Nova's consistent success in executing on our strategy of locking in royalties on the next generation of the world's most strategic copper projects. Owning royalties on generational assets such as Copper World and Rosemont have the potential to provide our investors with decades-long cash flow streams, while also minimizing their exposure to cost inflation and operational risk. We remain focused on continuing to build out our portfolio with the goal of creating and delivering sustainable, long-lived shareholder value."

Transaction Highlights

- Demonstrates consistent execution of Nova's strategy with the addition of another top-tier copper development royalty
- Located in a prolific copper mining district in Arizona, USA
- Hudbay is a proven mine builder and operator with a demonstrated long-term commitment to sustainable mining practices in Arizona
- Significant potential synergies exist between Copper World and Rosemont, which will be evaluated as part of a Preliminary Economic Assessment ("PEA") contemplating the development of Copper World in conjunction with Rosemont. Hudbay expects to publish the PEA in H1 2022
- Potential to develop an attractive, low-cost copper operation located primarily on private land
- Significant exploration upside at Copper World, which was only discovered in late 2020 and already has an initial mineral resource of 400 million tonnes
- The Royalty covers all the mineral reserves and resources at Copper World and Rosemont, allowing Nova to benefit from development optionality
- Attractive direct exposure to Copper World and Rosemont, with acquisition payments tied to project milestones, while the ROFR provides a clear path to acquire a larger royalty interest in the future

Royalty Description

The Royalty covers all metals, including copper, molybdenum, silver, and gold extracted from the majority of mining claims covering Copper World and Rosemont. Specifically, 132 patented claims (all the patented claims associated with Copper World and Rosemont), 603 unpatented claims, and one parcel of fee associated land are covered by the Royalty (the "Royalty Area"). A map of the Copper World and Rosemont properties is shown below.

Copper World Overview

Copper World is 100% owned by Hudbay and is comprised of seven newly discovered deposits located predominantly on patented mining claims adjacent to Rosemont in Pima County, Arizona, USA. The Copper World deposits were originally discovered by Hudbay in late 2020. Following encouraging initial results, Hudbay expanded its exploration activities at Copper World and increased its planned 2021 drill program from 70k feet (\$10 million budget) to 200k feet (\$34 million budget).⁽¹⁾ Hudbay has defined seven deposits at Copper World hosting both oxide and sulphide mineralization over a seven-kilometre strike, potentially amenable to heap leach and floatation processing methods, respectively. Drilling also identified significant high-grade, near surface mineralization with the potential to form part of a low-cost copper operation located primarily on public land.⁽²⁾

Considerable potential synergies exist between Copper World and Rosemont. Hudbay expects to reflect preliminary expectations of these synergies in a PEA contemplating the development of Copper World in conjunction with Rosemont. Hudbay is also planning to advance a pre-feasibility study following completion of the PEA, which is expected in H1 2022.⁽²⁾

As of December 1, 2021, Hudbay disclosed the mineral resource estimates for Copper World as:

Copper World Global Mineral Resource Estimate as at December 1, 2021⁽²⁾

Potential Processing Method	Classification	Metric Tonnes	Grade			
			CuT (%)	CuSS (%)	Mo (g/t)	Ag (g/t)
Flotation	Indicated	180,000,000	0.37	0.07	136	2.7
	Inferred	91,000,000	0.36	0.05	129	3.8
Leach	Indicated	92,000,000	0.34	0.27	74	3.4
	Inferred	51,000,000	0.35	0.27	61	2.5
Total	Indicated	272,000,000	0.36	0.13	115	2.9
	Inferred	142,000,000	0.36	0.13	105	3.3

Copper World High Grade Mineral Resource Estimate as at December 1, 2021⁽²⁾

Potential Processing Method	Classification	Metric Tonnes	Grade			
			CuT (%)	CuSS (%)	Mo (g/t)	Ag (g/t)
Flotation	Indicated	48,000,000	0.68	0.14	125	4.0
	Inferred	13,000,000	0.78	0.18	136	3.6
Leach	Indicated	48,000,000	0.46	0.37	68	4.2
	Inferred	18,000,000	0.66	0.49	50	3.7
Total	Indicated	96,000,000	0.57	0.26	97	4.1
	Inferred	31,000,000	0.71	0.36	86	3.7

Rosemont Overview

Rosemont is a copper-molybdenum-silver deposit located in Pima County, Arizona, USA, owned 100% by

Hudbay. In March 2017, Hudbay published a positive feasibility study for Rosemont and was advancing the project towards production. However, in July 2019, the US District Court for Arizona issued an unprecedented ruling that vacated the Final Record of Decision issued by the US Forest Service and resulted in the suspension of construction activities at Rosemont. Hudbay and the US Government have appealed the ruling to the US 9th Circuit Court of Appeals while Hudbay evaluates the next steps for Rosemont.⁽³⁾ There are considerable possible synergies between Rosemont and the adjacent Copper World project, including the potential for a mining operation, located primarily on private land, processing ore from both projects.

Once in production, Rosemont has the potential to be the third largest copper mine in the US.⁽⁴⁾ The 2017 feasibility study for Rosemont contemplated an initial 19-year mine life with average annual copper production of 127kt at a cash cost of \$1.14/lb Cu for the first 10 years.⁽⁵⁾

As of January 1, 2021, Hudbay disclosed the mineral reserve and resource estimates for Rosemont as:

Rosemont Mineral Reserve Estimate as at January 1, 2021⁽⁶⁾

		Grade		
Classification	Tonnes	Cu (%)	Mo (g/t)	Ag (g/t)
Proven	426,100,000	0.48	120	4.96
Probable	111,000,000	0.31	100	3.09
Proven & Probable	537,100,000	0.45	120	4.58

Rosemont Mineral Resource Estimate as at January 1, 2021⁽⁶⁾

		Grade		
Classification	Tonnes	Cu (%)	Mo (g/t)	Ag (g/t)
Measured	161,300,000	0.38	90	2.72
Indicated	374,900,000	0.25	110	2.60
Measured & Indicated	536,200,000	0.29	110	2.64
Inferred	62,300,000	0.30	100	1.58

Transaction Details

The aggregate purchase price for the Transaction is approximately \$5.5 million and will be paid as follows:

- \$1.0 million in cash, payable upon closing of the Transaction
- \$0.5 million in common shares of Nova (the "Consideration Shares"), payable upon closing
- \$1.0 million in cash, payable at the earlier of: (i) 12 months after closing of the Transaction; and (ii) Nova completing a single equity financing resulting in aggregate net proceeds to Nova of at least \$10.0 million
- \$3.0 million in cash, payable at the later of: (i) 12 months following the announcement of the commencement of production from the Royalty Area; and (ii) the receipt by Nova of the first three payments under the Royalty

The number of Consideration Shares to be issued in connection with the Transaction will be based on the 20-day volume weighted average trading price on the TSX Venture Exchange ("TSXV") of Nova's common shares prior to the announcement date of the Transaction.

Nova retains a right of first refusal to acquire the remaining 0.540% NSR in respect of Copper World and Rosemont from the Sellers pursuant to the terms of the Agreement.

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. As a result, the Company is fully funded to make the \$1.0 million cash payment upon closing of the Transaction.

The Drawdown will increase the total amount drawn under the Beedie Capital Facility to C\$6.5 million, with an additional C\$18.5 million remaining available to the Company. The Drawdown is subject to the acceptance of the TSXV.

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
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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 "Hudbay Announces Extension of Mineralization at its Copper World Project in Arizona" published by [HudBay Minerals Inc.](#) dated September 22, 2021.
- (2) Refer to the press release titled "Hudbay Announces Initial Mineral Resource Estimate at Copper World" published by [HudBay Minerals Inc.](#) dated December 15, 2021.
- (3) Refer to the Investor Presentation titled "Hudbay Investor Presentation December 2021".
- (4) Refer to the Investor Presentation titled "Hudbay Investor Presentation December 2021". As per Wood Mackenzie's copper mine database for current producing copper assets in the United States and ranked by annual copper production.
- (5) Refer to the NI 43-101 technical report titled "Rosemont Project, Pima County, Arizona, USA" prepared by Hudbay Minerals, dated March 30, 2017.
- (6)

Refer to the [HudBay Minerals Inc.](#) Annual Information Form for the year ended December 31, 2020.

TECHNICAL AND THIRD-PARTY INFORMATION

Except where otherwise stated, the disclosure in this press release relating to the Rosemont and Copper World projects is based on information publicly disclosed by Hudbay, as the owner and operator of the property 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 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 Rosemont and/or Copper World projects, current commodity prices, the payment frequency of the under the Royalty, the acceptance by the TSXV of the Transaction, current and potential future estimates of mineral reserves and resources; future commercial production from the Rosemont and/or Copper World projects or other designated areas; 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 30, 2021 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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