

Star Royalties Ltd. Reports Audited Financial Results for 2023

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TORONTO, April 16, 2024 - [Star Royalties Ltd.](#) ("Star Royalties", or the "Company") (TSXV:STRR)(OTCQX:STRFF) is pleased to report its financial results for the year ended December 31, 2023, as well as to provide an update on its Green Star Royalties Ltd. ("Green Star") joint-venture and its mining royalty portfolio. All amounts are in U.S. dollars, unless otherwise indicated.

2023 Financial and Corporate Highlights

- Green Star secured a second major cornerstone shareholder in [Cenovus Energy Inc.](#) ("Cenovus") (NYSE, TSX: CVE) with a C\$21.2 million strategic investment, resulting in the Company benefiting from a \$8.0 million Green Star equity gain in 2023.
- Continued development of Green Star's investment pipeline, which now includes over 50 opportunities under evaluation, including advanced-stage, carbon credit-issuing opportunities.
- Improved carbon royalty structure of Green Star's CarbonNOW regenerative agriculture investment by partnering directly with the project operator for a 30% gross revenue royalty on CarbonNOW. The CarbonNOW carbon farming program is currently under third-party validation.
- MOBISMART Mobile Off-Grid Power & Storage Inc. ("MOBISMART") continues to increase its unit sales and growth prospects.
- 2023 revenues were 34% lower than the prior year, largely reflecting reduced sales volumes at the Keysbrook operation after its record 2022 royalty revenues.
- Ongoing initiatives at [Sabre Gold Mines Corp.](#) ("Sabre Gold") (TSX: SGLD, OTCQB: SGLDF) and [Gold Mountain Mining Corp.](#) ("Gold Mountain") (TSX: GMTN, OTCQB: GMTNF, FRA: 5XFA) to accelerate financing solutions that will unlock their respective full and long-term production potential.

Summary of Annual Financial Results

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 940,499	\$ 1,415,498
Net Income	5,637,616	17,331,943
Basic income per share	0.08	0.24
Diluted income per share	0.07	0.24
Cash flow from operating activities	(725,607)	(767,679)
Cash flow from investing activities	1,148,710	(901,451)
Cash flow from financing activities	-	-

For complete details, please refer to the Audited Consolidated Financial Statements and associated Management Discussion and Analysis for the year ended December 31, 2023, available on SEDAR+ at [sedarplus.ca](#) or on the Company's website at [starroyalties.com](#).

Alex Pernin, Chief Executive Officer of Star Royalties, commented: "We continued to focus our capital strategy in 2023 on the buildout of Green Star and we expect this approach to continue going forward. To that end, we were proud to close the year by welcoming another strategic investment into Green Star, this time by Cenovus. With that transaction, we brought on a second major cornerstone shareholder, which

endorsed our business model and underpinned its value, expanded the Green Star Board and Technical Committee, and secured a pathway to grow Green Star further. Throughout last year, we also continued to develop our in-house carbon industry and project evaluation expertise while expanding our investment pipeline of opportunities. We are now reviewing both additional capital-raising opportunities as well as investments into carbon credit-issuing projects. Separately, the precious metals assets on which we hold royalties have taken constructive restructuring steps towards securing financing solutions needed to accelerate these assets' full and long-term production potential. Our team's goal for 2024 is to further diversify Green Star's portfolio with additional premium North American carbon credit royalties and we anticipate communicating the first of these developments in the coming months."

Significant Portfolio Updates

Green Star Joint Venture (45.9% interest)

In December 2023, the Company announced the closing of a strategic investment into Green Star by Cenovus for total consideration of C\$21.2 million. Following this strategic investment, Green Star now operates as a joint venture between Star Royalties, [Agnico Eagle Mines Ltd.](#) ("Agnico Eagle"), (NYSE, TSX: AEM), Cenovus, and certain members of Star Royalties' and Green Star's management teams and Boards of Directors (collectively, "Management"). The Company retains ownership of approximately 45.9% of Green Star's common shares, Agnico Eagle and Cenovus each own approximately 25.9% of the common shares and the remaining 2.3% is owned by Management.

The investment by Cenovus added another leading Canadian natural resources and environmental, social and governance ("ESG") sector leader as a strategic shareholder and joint-venture partner of Green Star, following Agnico Eagle's strategic investment in Green Star in May 2022. As part of the transaction, Green Star's Board of Directors and Technical Committee expanded to include two appointees from each of Star Royalties, Agnico Eagle and Cenovus. Proceeds from the strategic investment are expected to accelerate Green Star's ability to execute on its pipeline of advanced-stage opportunities with the potential to generate further value accretion.

In addition, during the fourth quarter of 2023, Green Star continued to advance its investment pipeline of premium North American, nature-based carbon offset projects, which now consists of over 50 opportunities, with an aggregate capital requirement of over C\$200 million. Management's focus remains on evaluating and prioritizing future investments in regenerative agriculture, improved forest management ("IFM"), reforestation, livestock enteric methane reduction, grasslands, and biochar. Green Star is undergoing several opportunity diligence processes and anticipates executing on its pipeline in the coming months.

Voluntary Carbon Market Update

During the fourth quarter of 2023 and into 2024, several constructive developments impacted the voluntary carbon market ("VCM"), with the Dubai COP 28 conference in December being a key forum for advocacy by corporations and climate leaders. Sentiment continued to focus on market integrity and the anticipation of the release of Core Carbon Principle ("CCP") labelled credits.

Multiple VCM standards including Voluntary Carbon Markets Integrity initiative, Science Based Targets initiative ("SBTi"), Greenhouse Gas Protocol, and the Integrity Council for the Voluntary Carbon Market ("ICVCM") announced an initiative to provide clear and consistent guidance to decarbonization market practitioners, including the use of offsets for residual emissions. In addition, six of the leading registries (Verra, Gold Standard, ACR, Climate Action Reserve, Global Carbon Council, and Architecture for REDD+ Transactions) pledged to support the ICVCM assurance programs and to collaborate to increase the positive impact on carbon markets. These developments are incremental steps to provide confidence in the structure and integrity of the VCM to facilitate increased demand for carbon credits.

Buoyed by the positive sentiment from COP28, the outlook for VCM has also benefitted from an increase in demand for carbon offsets. According to ClearBlue Markets, a market intelligence provider, offset retirements for 2023 outpaced those of 2022 and significant engagements from large corporations set a positive stage for the VCM for 2024. Another market intelligence provider, Abatable, reported that carbon credits from soil organic carbon and IFM projects commanded on average the highest prices within the nature-based solutions space. Green Star's portfolio and project pipeline continue to be strategically concentrated on these

project categories.

Based on discussions with multiple carbon credit brokers, Green Star's assessment of the current demand for North American nature-based carbon credits is approximately \$15/tCO₂e and above \$20/tCO₂e for avoidance and removal credits, respectively. Green Star believes that these pricing levels are encouraging and conducive to sustainably deploying capital into this segment.

In early April, ICVCM approved ACR, Climate Action Reserve, and Gold Standard as the first standards under the program-level CCP's, with several other registries anticipated for approval in the coming weeks. The CCP labels are intended to set a benchmark of quality and increase trust and integrity in the VCM. Program-level approval means that aforementioned registries have reached the ICVCM's requirements in Effective Governance, Tracking, Transparency, and Robust Independent Third-party Validation and Verification, Quantification, No Double Counting, and Sustainable Development criteria. Carbon credits will be issued under the CCP label when both its program and methodology are approved. The ICVCM has yet to approve any methodologies under their categories but provided an update on the progress of category-level assessments, with the most advanced categories being some of afforestation, reforestation and revegetation, grid-connected renewable energy, and IFM methodologies.

Shortly after the ICVCM announcement, the SBTi announced that it will be allowing the use of VCM credits toward corporate Scope 3 SBTi net zero goals. With many corporations struggling to reach net zero and short-term decarbonization targets, especially for Scope 3 emissions, ClearBlue Markets believes this development is likely to increase the feasibility of setting and reaching SBTi targets. Given that Scope 3 emissions make up around 90% of total emissions, the demand pool for VCM credits has the potential to expand significantly, which may result in increased demand for carbon credit types that are deemed higher quality. The announcements by ICVCM and SBTi mark clear and tangible steps towards recognition of best practices and integrity within segments of the VCM and are welcomed by Green Star.

Regenerative Agriculture Carbon Farming Program

Green Star's regenerative agriculture investment in the CarbonNOW® farming program is a partnership with Locus Agricultural Solutions® ("Locus AG") and Anew Climate LLC ("Anew").

In January 2024, Green Star announced an improved carbon royalty structure for its investment in CarbonNOW, whereby it amended its agreement with Anew to promote Locus AG as the project operator and formal manager of CarbonNOW. Anew will continue to provide project development and technical services on a fee-for-service basis and will lead the project's validation and verification efforts, as well as conduct carbon credit marketing and sales. The revised operating structure created a stronger alignment between all parties, enabling all parties to focus on their core strengths, while de-risking program execution. The structure is expected to result in improved operational efficiencies with respect to future farmer enrollment and data collection and analysis. As part of optimizing the program, Green Star agreed to revise its original proceeds sharing agreement with Anew to partner directly with Locus AG for a 30% gross revenue royalty on CarbonNOW. Green Star's initial US\$20,625,000 funding commitment remained unchanged, although the revised royalty term has been extended from 10 years to 20 years, resulting in meaningfully greater exposure to longer-term carbon pricing and sequestration performance.

The CarbonNOW program is now in the validation phase with the engagement of a third-party validation and verification body. This validation process is expected to be completed by Fall 2024, and CarbonNOW will look to combine the 2022 and 2023 growing seasons to more effectively and efficiently quantify the cumulative carbon sequestration potential under one verification process. The verification phase is expected to commence following validation in Fall 2024 and would result in CarbonNOW's first offset issuance, as well as first royalty revenues to Green Star, in 2025.

MOBISMART

Green Star's 2.5% gross revenue royalty on MOBISMART, a private operating company that specializes in mobile solar power generation systems with integrated battery storage and diesel displacement capabilities, has continued to perform well in the fourth quarter of 2023, partially due to MOBISMART's ongoing success in sales of their Lidar solar units. MOBISMART's management team remains encouraged by the rising use of its units in the telecom sector, where several pilot projects have been delivered and additional sites are being

profiled. Following an already committed-to pilot program over the course of 2024, MOBISMART anticipates being able to deploy its products with its U.S. telecom client as part of a multi-year national rollout plan.

Elizabeth Metis Settlement Forest

Green Star owns a 40.5% gross revenue royalty on the sale of carbon credits from forested lands located in Elizabeth Metis Settlement (the "EMS Forest Project") in Alberta. This IFM project is being developed by Anew under Alberta's TIER compliance system, with the IFM protocol expected to be released in the second half of 2024. Anew has completed the preliminary mapping work on the project and plans are underway to establish inventory plots and conduct tree measurements, following consultation with settlement members. Inventory completion will be followed by carbon modelling, verification, and credit issuance. Green Star expects to receive additional updates on EMS Forest Project timing from Anew later in 2024.

Mining Royalty Portfolio Updates

Keysbrook Mine

Star Royalties owns a 2% minerals royalty on the Keysbrook Mine, an open pit mineral sands (leucoxene, zircon) mine located 70 km south of Perth, WA, Australia, and in operation since late 2015. The 2023 operating results at Keysbrook were approximately in-line with life-of-mine expectations, despite the royalty revenues declining by approximately 40% from its record 2022 levels. Full-year 2023 royalty revenues from Keysbrook of \$785,254 were negatively impacted by lower sales volumes during the year.

Copperstone Gold Mine

On October 31, 2023, the Company completed the closing of the agreement with Sabre Gold to restructure its existing gold streaming agreement (the "Gold Stream") on the Copperstone Gold Mine ("Copperstone"). Under the amendment to the gold purchase and sale agreement, the Gold Stream was revised from 6.6% of gold produced with production-based step-downs to a flat 4% of gold produced for the duration of the Copperstone's life-of-mine. In exchange, the Company received C\$1,550,000 in cash and 7,407,407 shares in the capital of Sabre Gold on November 1, 2023. The Company will receive an additional C\$2,000,000 in a combination of cash and shares of marketable securities between September 2024 and September 2025. The Company continues to believe that the new structure of the Gold Stream is a positive development in that it improves the Company's balance sheet, enhances Copperstone's economics, and improves the Gold Stream's long-term optionality on Copperstone's exploration and production potential.

Elk Gold Mine

Gold Mountain continued ore mining operations during the fourth quarter until the last week of December. The fourth quarter royalty revenue from the Elk Gold Mine declined to \$21,111, primarily due to lower ore shipments by Gold Mountain and lower mined grade during the period.

On March 25, 2024, Gold Mountain announced that it has reached agreements with two secured creditors, Nhwelmen Construction LP Ltd. ("Nhwelmen") and Hedge Minerals Corp. ("Hedge"), an arms-length lender to Gold Mountain, for the settlement and postponement of certain secured debts. As part of the announced agreement, Nhwelmen and Hedge have agreed to accept Gold Mountain's common shares in payment of C\$1.25 million and C\$1.24 million of their secured debt, respectively, at an issuance price of C\$0.0075 per Gold Mountain share. The remaining amount of the Nhwelmen secured debt is to be repaid in equal cash payments over 24 months commencing in April 2024 and incurs interest at a rate of 18% per annum. The Company's management team continues to work with Gold Mountain management to unlock Elk Gold Mine's full and long-term production potential.

Engagement of Market Maker and RSU Grants

As previously reported, Star Royalties has retained Integral Wealth Securities Ltd. ("Integral") to provide market-making services in accordance with TSX Venture Exchange policies. Integral will trade shares of the

Company on the TSX Venture Exchange to maintain an orderly market and improve the liquidity of Star Royalties' shares. Integral will not receive any shares or options as compensation. Star Royalties and Integral are unrelated and unaffiliated entities.

On February 21, 2024, the Company approved a grant of an aggregate of 1,713,358 restricted share units ("RSUs") to certain directors and officers of the Company in accordance with the Company's Equity Incentive Compensation Plan (the "Plan").

Each RSU entitles the recipient to receive one common share of the Company, or a cash payment equal to the equivalent for one common share of the Company, following the vesting period of the RSUs. The RSUs awarded will vest over three years in equal portions on the anniversary of the grant date. All the forgoing RSUs are subject to the terms of the Plan, the applicable grant agreement, and the requirements of the TSX Venture Exchange.

CONTACT INFORMATION

For more information, please visit our website at starroyalties.com or contact:

Alex Pernin, P.Geo.
Chief Executive Officer and Director
apernin@starroyalties.com
+1 647 494 5001

Dmitry Kushnir, CFA
Vice President, Investor Relations
dkushnir@starroyalties.com
+1 647 494 5088

About Star Royalties Ltd.

[Star Royalties Ltd.](#) is a carbon credits and precious metals royalty and streaming company. The Company innovated the world's first carbon credit royalties in forestry and regenerative agriculture through its pure-green joint venture, Green [Star Royalties Ltd.](#), and offers investors exposure to carbon credits and precious metals prices. The Company's objective is to provide wealth creation by originating accretive transactions with superior alignment to both counterparties and shareholders.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this news release may constitute "forward-looking statements", including those regarding future market conditions for metals, minerals and carbon offset credits. Forward-looking statements are statements that address or discuss activities, events or developments that the Company or Green Star expects or anticipates may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of Star Royalties and Green Star to be materially different from future results, performances or achievements expressed or implied by such statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not such results will be achieved.

A number of factors could cause actual results, performances or achievements to differ materially from such forward-looking statements, including, without limitation, changes in business plans and strategies, market and capital finance conditions, ongoing market disruptions caused by the Ukraine and Russian conflict, metal and mineral commodity price volatility, discrepancies between actual and estimated production and test results, mineral reserves and resources and metallurgical recoveries, mining operation and development risks relating to the parties which produce the metals and minerals Star Royalties will purchase or from which it will receive royalty payments, carbon pricing and carbon tax legislation and regulations, risks inherent to

the development of the ESG-related investments and the creation, marketability and sale of carbon offset credits by the parties, the potential value of mandatory and voluntary carbon markets and carbon offset credits, including carbon offsets, risks inherent to royalty companies, title and permitting matters, operation and development risks relating to the parties which develop, market and sell the carbon offset credits from which Green Star will receive royalty payments, changes in crop yields and resulting financial margins regulatory restrictions, activities by governmental authorities (including changes in taxation), currency fluctuations, the global, federal and provincial social and economic climate in particular with respect to addressing and reducing global warming, natural disasters and global pandemics, dilution, risk inherent to any capital financing transactions, risks inherent to a possible Green Star go-public transaction, the nature of the governance rights between Star Royalties, Cenovus and Agnico Eagle in the operation and management of Green Star and competition, the ability to raise any additional funds in the future private placement, the result of any potential investment by Cenovus or any other new investor into Green Star. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.

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