

Royalties Inc. Reports Q1 Results for March 31, 2024

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Toronto, May 24, 2024 - [Royalties Inc.](#) (CSE: RI) ("RI" or "the Company") reports its results for the first quarter ended March 31, 2024. Amounts are stated in US dollars unless otherwise stated.

This news release should be read in conjunction with the Company's unaudited financial statements and the associated management's discussion and analysis (MD&A) for the year ended March 31, 2024 which are available on the Company's website at www.royaltiesinc.com or under the Company's profile on SEDAR+ at www.SEDARplus.ca.

Progress in Q1

[Royalties Inc.](#) advanced the strategies on its 3 major investments:

1. monetizing the Bilbao silver-zinc-lead property in Zacatecas, Mexico, ideally by selling to an existing silver producer for cash and shares (to participate in the silver price up cycle), especially now that the silver price has crossed above the key PEA economic assumption of \$30 per ounce silver for the first time since 2013;
2. achieving success in the lawsuit against Capstone Gold S.A. de C.V. to properly recognize and pay the 2% NSR on the Portree claims, which are part of the Cozamin mine and has been in production since 2020; and
3. acquiring cash flowing Music Royalties by monitoring and analysing potential deals.

Music Royalties

The Company's five cash flowing music royalties' investments generated \$23,400 in the first quarter, an increase of 36% over \$17,212 in the prior year's quarter. RI received \$13,358 (CAD\$18,000) in dividend income, up 20% versus \$11,098 (CAD\$15,000) in Q1 2023 from Music [Royalties Inc.](#) ("MRI"), a private company which has acquired 28 catalogues and paid out over CAD\$8 million in 52 dividend payments to its shareholders since 2019.

Mining Royalties

[Royalties Inc.](#) owns two mining royalties with significant potential value resulting from:

1. successful litigation against a subsidiary of [Capstone Copper Corp.](#) in Zacatecas, Mexico to make payments on the 2% NSR owed on the production since 2020 and payments on the remaining mine life from the five Portree group of claims on the Cozamin Mine, on which a lien has been registered with the Public Mines Registry in Mexico City. The evidence period is expected to close this month, followed by the allegations stage but timing and the outcome of the judgment is uncertain.
2. a 1.5% NSR on the Bilbao property where the most value is tied to the sale of the property to a silver producer benefiting from much higher silver prices due to declining production and significantly increased silver demand from both investors and various industries.

Results of Operations

The Company generated dividend and royalty income of \$23,400, up 36% vs \$17,212 in the prior year

quarter. Total expenses were \$40,165 and 30% lower than \$57,716 in the prior year, resulting in a 59% reduction in the operating loss of \$16,765 vs \$40,504 in 2023. The non-cash variability in the net loss of \$30,242 vs \$38,103 in 2023 is primarily due to the decline in the value of the Canadian dollar on the Company's investment in MRI.

Assets and Liquidity

Total assets as at March 31, 2024 were \$1,266,035 compared to \$1,313,330 at December 31, 2023, representing the Company's investment in two mining royalties and five music royalties. Since 2008, the Company has invested \$23,418,572 on the Bilbao silver-zinc-lead mining project which in accordance with the Company's accounting policies was fully impaired, primarily due to the 2014 PEA's assumption of three year trailing average prices of: Zinc US\$0.94/lb, Lead US\$1.01/lb and Silver US\$30.24/ounce were higher than market prices. For the first time in a decade, the current May 2024 spot prices of: Zinc US\$1.36/lb, Lead US\$1.02 /lb and Silver US\$30.24/ounce.

The mine plan incorporated in the PEA targeted the extraction of only the lower, unoxidized, sulphide zone based on a production rate of 2,000 tonnes per day or 720,000 tonnes per year with an average grade of 2.1%, 1.4% and 63.96 g/t of zinc, lead and silver, respectively, over a mine life of approximately eight years. The mineral processing plant described in the PEA proposed the treatment of the silver-lead-zinc sulphide ore at a design throughput rate of 2,000 tonnes per day, which would thereby project on average, 16,913 dry tonnes per year of silver-rich lead concentrate, and 26,966 dry tonnes per year of zinc concentrate, with an average combined total of approximately 20 million pounds of zinc, 17 million pounds of lead and one million ounces of silver per year.

As at December 31, 2023, the Company had cash of \$33,155 to settle current liabilities of \$118,263, excluding a \$2,000,000 contingent liability of a Mexico subsidiary to a defunct company, which therefore will never be paid.

About Royalties Inc.

Royalties Inc. has a 2% stake in Music Royalties Inc. ("MRI"), a Canadian-based private company that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters) and currently holds a portfolio of approximately 28 cash-flowing royalties.

Royalties Inc. owns a 100% interest, subject to a 1.5% net smelter royalty repurchased in July 2019, on the Bilbao silver-lead-zinc-copper project located in the southeastern part of the State of Zacatecas, Mexico.

Royalties Inc. owns 88% of the outstanding shares of Minera Portree de Zacatecas, S.A. de C.V ("Minera Portree") which holds an asserted claim to a 2% net smelter royalty and a lien on five mining concessions which are part of the Cozamin Mine operated by [Capstone Copper Corp.](#), which claim is challenged by Capstone.

For further information contact [Royalties Inc.](#) at www.royaltiesinc.com

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