

Star Royalties Ltd. Reports Q2 2024 Financial Results

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[Star Royalties Ltd.](#) ("Star Royalties", or the "Company") (TSXV: STRR, OTCQX: STRFF) is pleased to report its financial results for the quarter ended June 30, 2024. All amounts are in U.S. dollars, unless otherwise indicated.

Q2 2024 Financial and Corporate Highlights

- Quarterly revenues of \$266,306 represented a 42% increase over the prior-year period due to higher sales volumes at Keysbrook.
- Green Star Royalties Ltd. (Green Star") expanded its North American nature-based investment portfolio by acquiring several U.S. Improved Forest Management ("IFM") carbon offset royalties for \$5.6 million. Green Star received its first carbon offset delivery and carbon offset monetization efforts are ongoing.
- Green Star and its project partners continued to advance the CarbonNOW regenerative agriculture program. CarbonNOW is now in the late stages of the validation phase with the verification phase expected to commence later in 2024.
- [Gold Mountain Mining Corp.](#) (Gold Mountain") (TSX: GMTN, OTCQB: GMTNF, FRA: 5XFA) announced several corporate improvements and debt restructuring initiatives aimed at reestablishing Elk Gold's mine plan and longer-term production potential

Summary of Q2 2024 Financial Results

	Quarter ended	
	June 30, 2024	June 30, 2023
Revenue	\$ 266,306	\$ 188,033
Net loss	(567,350)	(1,048,574)
Basic and diluted loss per share	(0.01)	(0.01)
Cash flow used in operating activities	(253,271)	(177,332)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-

For complete details, please refer to the Condensed Interim Consolidated Financial Statements and associated Management Discussion and Analysis for the three and six months ended June 30, 2024, available on SEDAR+ at sedarplus.ca or on the Company's website at starroyalties.com.

Alex Pernin, Chief Executive Officer of Star Royalties, commented: "During the second quarter of 2024, we were proud to announce Green Star's acquisition of a carbon offset royalty portfolio on several of NativState's high-integrity IFM projects in the southeastern United States. Green Star received its first delivery of carbon offsets from this investment and we are now enroute to monetizing these through a third-party broker. Separately, Green Star and its project partners dedicated considerable effort to de-risk CarbonNOW's execution, improve data collection, analysis and acreage reconciliation, as well as focused on further improving the farmer enrollment experience. Moving to the mining royalty portfolio, Keysbrook

continued to deliver strong operating results. We remain in discussions with the operators of both Elk Gold and Copperstone and we are encouraged by their progressive steps taken to advance these projects closer to meaningful cash flow. Today's record gold price environment provides for another major catalyst in terms of near-term value unlocking at these fully-permitted and well-situated assets."

Significant Portfolio Updates

Green Star Joint Venture (45.9% interest)

Green Star operates as a joint venture between Star Royalties, [Agnico Eagle Mines Ltd.](#) ("Agnico Eagle") (NYSE, TSX: AEM), [Cenovus Energy Inc.](#) ("Cenovus") (NYSE, TSX: CVE), 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.

Green Star's focus remains on evaluating future investments in regenerative agriculture, improved forest management, reforestation, grasslands, biochar, cleantech, and other category types. Green Star's investment pipeline of premium North American, nature-based carbon offset projects consists of approximately 50 opportunities at varying stages of development.

NativState IFM Portfolio

During the second quarter of 2024, Green Star announced the acquisition of several gross revenue royalties from NativState LLC ("NativState") on a carbon offset-issuing portfolio of IFM projects in the southeastern United States. NativState is an Arkansas-based forest carbon project developer focused on aggregating small-to-medium forest landowners into IFM projects being developed under the American Carbon Registry ("ACR"). These royalties are expected to deliver to Green Star premium voluntary carbon offsets over a 20-year period, with a total consideration for the royalties of \$5.6 million to be paid over a series of tranches.

Following the acquisition, Green Star received to its account approximately 120,000 carbon offsets that were issued from the ACR registry on project ACR 783. These carbon offsets represent largely avoidance credits from 2022 and 2023 IFM activities, with a second carbon offset issuance and subsequent delivery to Green Star expected by the end of 2024. Green Star has retained a third-party carbon credit broker to facilitate the monetization of these carbon offsets over the coming months.

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"). Green Star owns a 30% gross revenue royalty of the program, with a royalty term of 20 years and a total funding commitment of \$20.6 million. As of June 30, 2024, Green Star contributed a total of \$11 million, representing over 50% of Green Star's total capital commitment.

During the second quarter of 2024, Green Star and its project partners dedicated considerable effort on de-risking program execution, improving data collection, analysis and acreage reconciliation, as well as focused on further improving the farmer enrollment experience. These efforts are aimed at minimizing both farmer turnover and administrative adjustments as the program advances towards verification and carbon offset issuance.

CarbonNOW is currently in the late stages of the validation phase by a third-party validation and verification body. As part of the validation phase, external audits at multiple enrolled farms occurred in May 2024. The project's validation is expected to be completed by Fall 2024, and CarbonNOW will then 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, continued to perform well in the second quarter of 2024. MOBISMART's revenue growth stemmed from the wind renewable energy market where its products power Lidar systems for large wind farm developments by replacing diesel generators in remote locations. In addition, MOBISMART's telecom business division continues to grow following the delivery of a pilot unit to a major cellular company's Los Angeles market with the potential of a large rollout program commitment prior to year-end 2024.

Voluntary Carbon Market ("VCM") Update

During the second quarter of 2024, ClearBlue Markets ("ClearBlue"), a carbon market intelligence provider, reported that VCM prices showed some signs of stabilization and renewed interest. Market prices were stable for most of the period, with a modest increase towards the end of the quarter for nature-based solutions projects. Price divergence among categories was influenced by project-specific factors such as project type (removal or avoidance), geography, vintages, certifications, and reputational risks.

With respect to retirement of carbon offsets, ClearBlue estimates that approximately 7 million credits (21% of total retirements) were retired during the second quarter by the top 10 VCM retirees globally, with TASC SA and Microsoft having the highest retirements during the quarter. In comparison, 15.8 million anonymous retirements accounted for 48% of total retirements. ClearBlue estimates overall 2024 VCM retirements to be approximately 206 million credits, with the second and third quarters of the year expected to report the lowest retirements and 44% of retirements estimated to occur in the fourth quarter. This significant back-end weighting for carbon offset demand is consistent with price seasonality observed year-to-date and is also in line with Green Star's observation of higher carbon offset pricing in the fourth quarter of a given year.

The second quarter of 2024 also saw the announcement of the first Core Carbon Principle ("CCP") eligible methodologies approved by the Integrity Council for Voluntary Carbon Markets. The first seven carbon-crediting methodologies that will meet CCP requirements are relevant to ozone depleting substances and landfill gas projects. ClearBlue estimates that currently there approximately 27 million carbon offsets eligible for CCP and anticipates CCP-labelled offsets to command a price premium in the market.

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. In the second quarter of 2024, royalty revenues from Keysbrook were \$266,306, in-line with the prior quarter and representing a 97% increase over the \$135,232 received in the comparative prior-year period. The increased royalty revenues in the second quarter were due to higher quantities of material sold by the mine's operator during the period.

Elk Gold Mine

Gold Mountain announced on April 12, 2024, that it closed a non-brokered private placement with proceeds to be used to ramp up operations at Elk Gold and for working capital and general corporate purposes.

During the second quarter of 2024, Gold Mountain made several leadership changes in an effort to improve its technical, stakeholder relations, and mine development and expansion expertise. On June 14, 2024, Gold Mountain shared its Elk Gold operational plan which aims to address the challenges over the next 12 months by refining its drill and blast and ore extraction techniques to transition to a steady state of production. Concurrently, Gold Mountain is working on improving the accuracy of grade forecasting and generating a better understanding of the ore body through improved data collection and analysis, drilling and blasting designs, and sampling techniques. Gold Mountain expects the focus on operational improvements to result

in better grades delivered to its ore purchase partner, [New Gold Inc.](#) (TSX, NYSE American: NGD), when production returns to run rate levels. Star Royalties management conducted a site visit at Elk Gold during the second quarter and received an update of Gold Mountain's ongoing optimization work as well as a high-level roadmap for recommencing full mining and exploration activities.

On June 18, 2024, Gold Mountain announced the closing of an agreement to settle all of the secured debt of Nhwelmen Construction Limited Partnership ("Nhwelmen"), the contract miner at Elk Gold. As part of the settlement, Nhwelmen agreed to accept equity and a convertible secured debenture. As per Gold Mountain's disclosure, assuming full conversion of the debenture, Nhwelmen would own approximately 35% of the issued and outstanding common shares of Gold Mountain.

CONTACT INFORMATION

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About Star Royalties Ltd.

Star Royalties Ltd. is a carbon credit 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 credit 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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