

Royalties Inc. Responds to Capstone's Appeal in Ongoing Cozamin Mine Royalty Dispute

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Toronto, August 1, 2025 - [Royalties Inc.](#) (CSE: RI) (OTCID: ROYIF) or ("the Company") is pleased to provide an update on the ongoing legal proceedings involving its 88%-owned subsidiary, Minera Portree de Zacatecas S.A. de C.V. ("MPZ" or "Minera Portree"), in its dispute with Capstone Gold S.A. de C.V. ("Capstone"), a wholly-owned subsidiary of [Capstone Copper Corp.](#) (TSX: CS), over a 2% Net Smelter Royalty ("NSR") on five mining concessions known as the "Portree claims" at the Cozamin Mine in Zacatecas, Mexico.

On June 16, 2025, the Third Commercial Court of Zacatecas issued a landmark judgment in the Ordinary Commercial Lawsuit (File 411/2022), ruling in favor of MPZ. The court declared the non-existence of an August 9, 2019, contract that purported to assign the 2% NSR from MPZ to Capstone without Minera Portree's consent. The judgment reaffirmed MPZ's rightful ownership of the NSR, established in a 2002 Contract of Assignment of Mining Rights, and ordered Capstone to pay royalties for the exploitation of the Portree I concession from August 9, 2019, to the present, with amounts to be quantified during the execution phase. The value of the NSR on the additional concessions (Parroquia Dos, Parroquia Tres, Anexo a la Parroquia, and Jimena) will also be assessed based on evidence of exploitation and an estimate of resources.

As expected, Capstone filed an appeal against the judgment, challenging the court's findings based on: (1) the court's failure to quantify royalty payments in a liquid amount, violating due process and leaving defendants in uncertainty, and (2) the erroneous finding that the 2019 assignment contract was non-existent due to lack of consent.

Minera Portree filed a comprehensive response to Capstone's appeal in the Third Commercial Court of Zacatecas robustly defending the trial court's judgment, addressing each complaint which is summarized as follows:

- **Quantification of Royalties:** The order to restore royalties is logical and supported by Article 2239 of the Federal Civil Code, requiring restitution after annulment. Uncontradicted trial evidence confirms exploitation of the Portree I concession, and Capstone's dilatory tactics in withholding production data justify deferring quantification to the execution phase (Article 1327, Commercial Code). Capstone's admission in court of mining since 2019 contradicts their grievance.
- **Lack of Consent:** The 2002 contract's third clause, which explicitly reserved the 2% NSR and prohibits its sale without Minera Portree's consent, registered with the Public Registry of Mining (act 38, volume 14, April 10, 2002), binds third parties like Capstone. The 2010 Power of Attorney (notarized May 20, 2010) further limited Raul González Anaya to administering or managing net refinery payments, not transferring 'ownership' of the NSR. Capstone's failure to verify authority and allegations of misleading intent further undermine their claim.

"Despite Capstone's ongoing efforts to delay the settlement of this unnecessary dispute, we are confident that Minera Portree's response comprehensively addresses Capstone's appeal and that their appeal will be dismissed. The 2% NSR on the Portree claims, which includes a key portion of the production on the Mala Noche Footwall Zone at the Cozamin Mine, represents a significant cash-flowing asset for Minera Portree and Royalties Inc. We remain committed to protecting our rights and ensuring fair compensation for both the royalties owed since 2019 and on all future production on all five Portree claims. The ongoing increase in copper and silver prices, due to their vital importance in the building of AI and green energy infrastructure, will continue to increase the value of the 2% NSR and accordingly our claim over time. We anticipate that the Management and Directors of Capstone will eventually recognize this is an immaterial claim for a \$6 billion company, given that the Cozamin Mine paid US\$4.4 million to other royalty holders in 2024," said Tim Gallagher, CEO of Royalties Inc.

The Company currently estimates that the 2% NSR on the Portree 1 claim, which represents up to 30% of

the 1.5 km strike length of the Mala Noche Footwall Zone, could generate up to \$2.5 million in annual cash flow, plus retroactive payments for production since 2019, estimated at \$9 million, based on Capstone's reported revenues and comparable payments to other royalty holders. The precise amounts will be determined during the execution phase, assuming Capstone's co-operation in providing actual and planned production data.

Royalties Inc. continues to monitor the appeal process and anticipates a resolution in the coming months.

About Royalties Inc.

- Royalties Inc. owns a 100% interest, subject to a 1.5% NSR owned as a separate asset, on the Bilbao silver-zinc-lead project located in the State of Zacatecas, Mexico.
- Royalties Inc. owns 88% of the outstanding shares of Minera Portree de Zacatecas, S.A. de C.V. ("MPZ") which holds an asserted claim backed by a court approved judgment on June 16, 2025 to a 2% net smelter royalty established in 2002 on five mining concessions called the 'Portree claims', a portion of which is on the Mala Noche Footwall Zone (under the tailings pond), the main source of production at the Cozamin mine where Capstone Copper Corp. ("Capstone") has been mining since 2010. Capstone assigned this royalty to themselves without the knowledge or proper payment to MPZ, the longstanding and rightful owner, in August 2019. MPZ filed civil and criminal lawsuits in Zacatecas in 2021 to invalidate the contract to transfer ownership, which has now been officially supported by the court. Despite the MPZ's legal victory, the court judgment has been appealed by Capstone.
- Royalties Inc. has a 3.9% stake in Music Royalties Inc. ("MRI"), which has acquired 31 cash-flowing catalogs and paid out over \$12 million in dividends since 2019 from 7,000 songs generating a 7.2% annual yield.

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