



# ROYALTIES INC.

*A Diversified Royalty Company Focused On Monetizing its Resource Assets To Buy Cash flowing Royalties*

# Forward-Looking Statement

Forward-Looking Statements This news release contains “forward-looking information” within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “likely”, “should”, “would”, “plan”, “anticipate”, “intend”, “potential”, “proposed”, “estimate”, “believe” or the negative of those terms, or other similar words, expressions, and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to: sufficient capital and financing required in order to fulfill the Company’s business plans and strategy may not be obtained as expected; that the Company will not be able to pay future dividends; and other risks related to the Company. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements contained in this press release and they are expressly qualified in their entirety by this cautionary statement. The forward-looking statements herein are made as at the date hereof and are based on the beliefs, estimates, expectations, and opinions of management on such date. The Company does not undertake any obligation to update publicly or revise any such forward-looking statements whether as a result of new information, future events or to explain any material difference between subsequent actual events and such forward-looking information, except as required under applicable securities law.

# Company Overview

## Summary

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- In 2022 Royalties Inc. (“RI” or “the Company”), previously Xtierra Inc., transitioned from strictly being a mineral exploration company to focus on the more consistent and lucrative business of cash flowing royalties in all sectors, but primarily copyrighted IP due to its longevity
- RI is looking to monetize its Silver-Zinc-Lead project to continue to acquire cash flowing royalties, mainly from the entertainment sector and rightsholders (artists, producers, songwriters, etc.)

## Royalty Acquisition Model

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- A network of partners across North America, Europe and the United Kingdom who deliver a steady pipeline of potential rights acquisitions
- Ability to transact directly with artists by offering them a combination of cash and stock, thereby diversifying their own royalties and providing them with significant upside from a diversified portfolio of royalty assets

## Profile

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- HQ: Toronto, ON (CAN)
- Part-time employees: 3
- Website: [royaltiesinc.com](http://royaltiesinc.com)
- CSE: RI
- OTC: ROYIF
- Shares Outstanding: 225,023,057

## Transition to the Royalty Model

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- RI initiated its cash flowing royalty acquisition model in September 2022, when it invested \$1 Million in Music Royalties Inc. (“MRI”), which generates ~\$72,000/year
- Since then, RI has acquired four additional royalties which generates ~\$30,000/year

# Asset Overview

*RI currently has three primary assets, which deliver both monetization optionality and income*

- Royalties Inc. offers a unique blend of high-growth potential and stable cash flow, making it a compelling investment opportunity with asymmetric returns

## Silver Project

- Project value is dependent on silver prices exceeding US\$40 per ounce
- Seeking a joint venture or sale to nearby producing mines for cash and shares
- Nearby operating mines include the 800tpd San Jose silver mine and the upcoming San Nicolas mine (Agnico Eagle & Teck Resources)

## NSR – Capstone Lawsuit

- Holds an 88% stake in Minera Portree
- Involved in a legal dispute against Capstone Copper over a 2% Net Smelter Return (“NSR”) royalty on five mining claims at the Cozamin Mine
- The royalty’s estimated value exceeds US\$25 Million, with legal proceedings expected to conclude in 2025

## Music Royalties

- Owns 2 Million shares of Music Royalties Inc. (“MRI”) purchased at \$0.50 per share for \$1 Million
- Generates a monthly dividend of \$6,000, totaling \$72,000 per year
- Additional royalty acquisitions generated approximately \$30,000 in 2024, though lower than expected

# Asset #1: Silver Project – Potential US\$5-10 Million in Value

**Bullish outlook for silver in the current macroeconomic environment - a perfect storm for monetizing**

## Profile and Status

- Location: Zacatecas, Mexico
- **Ownership: 100% interest**
- Over \$23M invested
- Mining claims
- Land claims
- 1.5% NSR

## Macro Outlook for Silver Super Cycle

- **Strong Industrial Demand:** Silver's essential role in sectors like solar energy and electric vehicles has led to increased consumption, particularly in China, contributing to a supply deficit and supporting higher prices. Contributing to a supply deficit of 150Moz for 2025 for its fifth year<sup>(1)</sup>
- **Supply Constraints:** Challenges such as weak mine production, labor strikes, and reduced byproduct output from lower zinc prices have resulted in a consistent supply deficit, further bolstering silver's value<sup>(1)</sup>
- **Economic Uncertainty and Investment Appeal:** In times of economic uncertainty, silver serves as a safe-haven asset. Predictions of potential recessions and expectations of Federal Reserve interest rate cuts have driven investors toward silver, enhancing its investment appeal; hence, the silver price is expected to rise to US\$50-100 before 2030<sup>(2)</sup>

## PEA Summary and Deposit Type

- **Commodity Feasibility (2014):** \$30.24/oz Silver, \$0.94/lb Zinc, \$1.01/lb Lead
- **Production per Year (2014):** 1 Million oz of Silver, 20 Million lbs of Zinc, 17 Million lbs of Lead
- **Mine Life (2014):** 8 Years
- **Required Capex:** US\$100 Million
- **Deposit Type:** Polymetallic, silver-zinc-lead, skarn-type replacement sulphide deposit with a deeply weathered oxide cap



5 (1) [WSJ 'Silver Having its Golden Moment'](#)  
(2) [MarketWatch 'Jim Rogers – Expects bad recession and Why buying Silver instead of Gold'](#)



# Asset #2: Disputed Capstone Cozamin 2% Net Smelter Royalty

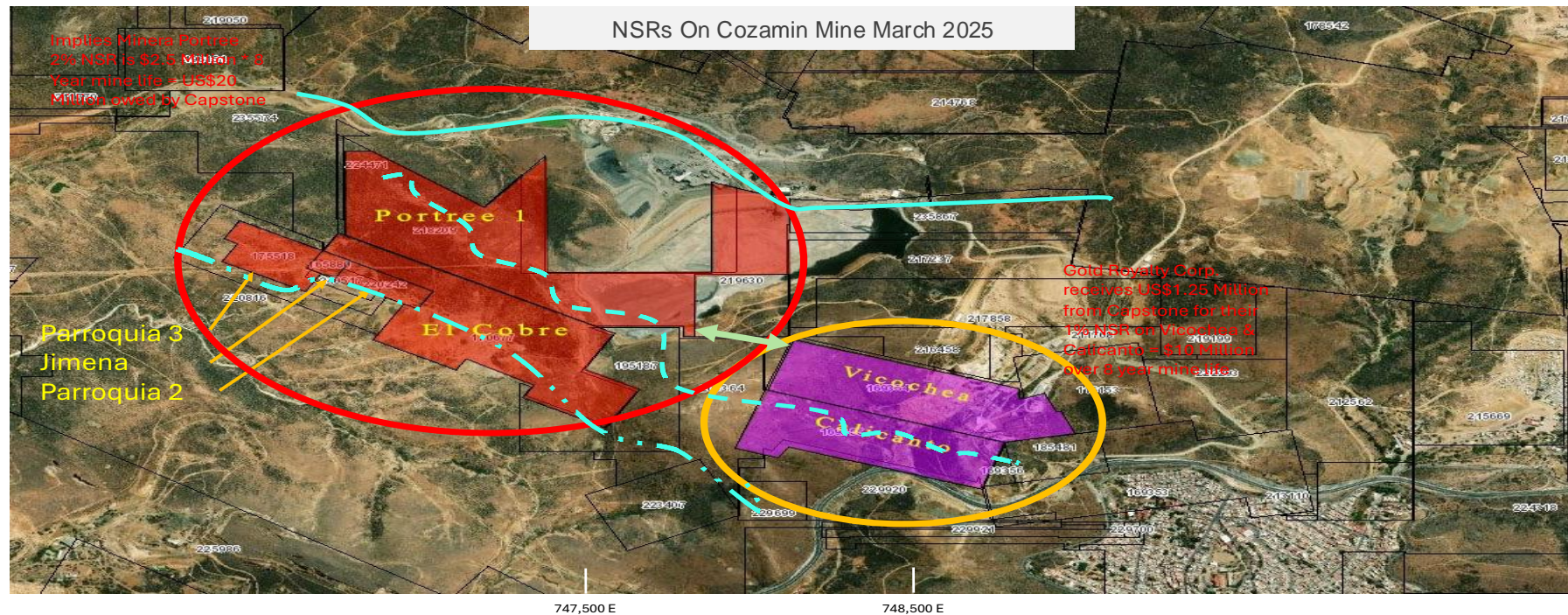
A potential \$25 Million+ litigation windfall or \$2.5 Million/year in recurring payments

## Asset Overview

- RI holds an 88% interest in Minera Portree in Zacatecas, Mexico
- Disputed 2% Net Smelter Royalty (“NSR”) on Capstone Copper Corp.’s Cozamin Mine
- Capstone improperly transferred the 2% NSR to itself without the knowledge or proper payment to its owner

## Legal Proceedings

- Filed to commence final arguments stage in Q1 2025
- A Zacatecas court judgment to properly recognize the 2% NSR on the Portree claims is expected in 2025



# Asset #3: Cash Flowing Music Royalties

*A sustainable way to produce retirement grade income and growth*

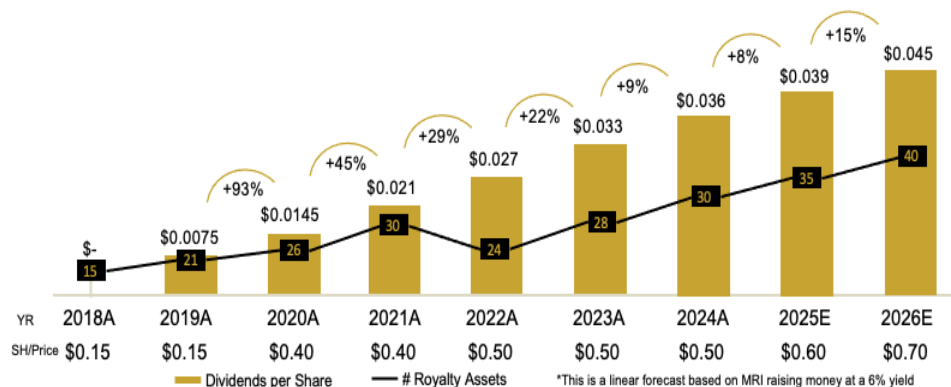
## Investment in Music Royalties Inc. (“MRI”)

- RI Holds a 2% stake in [Music Royalties Inc.](#), which owns 30 cash flowing royalties
- MRI pays a monthly dividend with a 7.2% yield
- Expected dividend income of CAD\$72,000

## Direct Acquisitions

- RI has acquired 4 additional music royalty assets in 2023 for \$468,000
- Expected revenues of \$30,000 (6% yield)
- Includes royalties from Apple ringtones, Songwriter royalties, pop songs and TV cues from ‘The Carbonaro Effect’

## MRI’s Indicative Price and Asset Growth



## Pipeline of Direct Acquisitions

- RI aims to monetize its mining assets and reinvest the proceeds into cash flowing Music Royalties
- RI has a substantial pipeline deal pipeline targeting 10-15% yields
- RI can immediately invest \$3M into cash-flowing music royalties from its pipeline deals

# Management and Directors

*30 years of experience in taking companies public and buying royalties*



**Tim Gallagher**  
*Chairman and CEO*



- Tim is Chairman & CEO of Music Royalties Inc. and the former Chairman & CEO of Metalla Royalty & Streaming Ltd.
- He is the former Founder and Director of several TSXV Exchange listed CPCs including Biorem Inc., Soltoro Ltd., Schneider Power Inc. and Xtierra Inc.
- Tim has invested in, financed, managed and assisted in the growth of numerous companies in the royalty, resource, clean tech and technology sectors primarily by taking them public since 1997



**Connor Gallagher**  
*Investor Relations*



- Connor has been a director of Music Royalties Inc. since inception (March 2018)
- He is a graduate of Western University
- He is the founder of Muskoka DD, an Uber Boat service, and is the Founder of FOMO Capital Inc., an investment firm with a focus on alternative royalty investments
- Connor has also raised money for mining royalty companies



**Andrew Robertson**  
*Director*



- Mr. Robertson has over 30 years of experience in the buy-side fixed income and debt analysis, and sell-side bank syndication
- Prior to his recent retirement, he worked within a fixed income group at a Canadian life insurance company. He formerly worked as a venture capitalist and was a Director of Excalibur Resources Ltd.
- Mr. Robertson has worked at RBC, GE Capital and Canada Life and holds an MBA from the University of Toronto



**Paul O'Brien**  
*Director*

- Mr. O'Brien has a total of 23 years experience in the mining business, including more than seven years in gold equity research covering developing companies to senior producers as well as precious metals forecasting
- In addition, Mr. O'Brien has 12 years of experience in corporate advisory and investment banking, primarily focused on the mining industry where he gained global mining capital markets experience in Canada and Australia as a member of bank-owned capital markets groups. Mr. O'Brien received his B. Com from McMaster University and is a CFA Charterholder



**Gerald J. Gauthier**  
*Director*

- Mr. Gauthier is a registered Professional Engineer in Ontario and has over 40 years international experience in the mining industry building and operating open pit and underground mines in Canada, USA, Mexico, Central America and West Africa
- He was previously Chief Operating Officer at Nevsun Resources Ltd. and Vice-President Operations of Glencairn Gold Corp. He is a graduate of Queen's University in Mining Engineering. He is currently a director of Labrador Iron Mines Holdings Limited, Conquest Resources Limited and Gold World Resources Ltd. Mr. Gauthier was formerly General Manager of the Page-Williams gold mine at Hemlo, Ontario and Senior Vice President North American Operations for Lac Minerals Ltd.



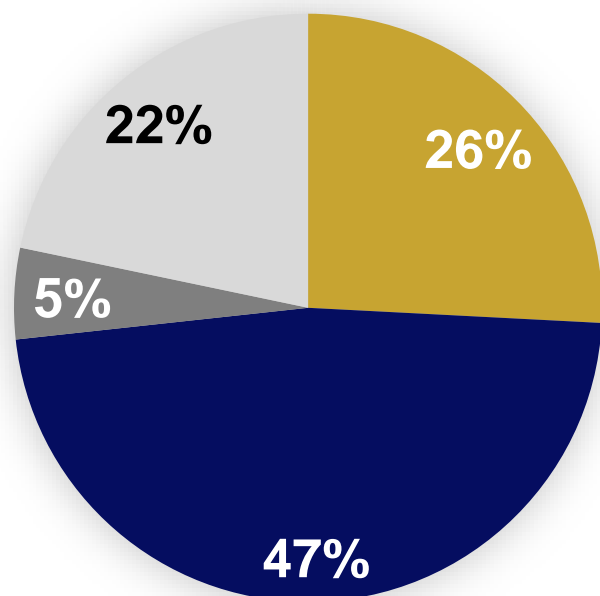
# Capital Structure

*RI has no debt and is primarily owned by a small group of long-term investors*

## Debt

- No debt
- No warrants
- \$2M contingent liability (working on removal)

## Shareholder Composition



- Management & Directors
- Top Family Offices
- Individuals
- Float

## Equity

### Management & Board

Tim Gallagher	19.9%
Andrew Robertson	5.1%
Jackie Logan	0.1%
Paul O'Brien	Nil
Gerald J. Gauthier	Nil

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**25.8%**

### Family Offices & Large Shareholders

Family Office 1	9.5%
Family Office 2	8.0%
<b>Music Royalties Inc.</b>	6.7%
Family Office 3	6.0%
<b>Buchans Resources</b>	5.8%
Family Office 4	5.3%
Family Office 5	3.6%
Family Office 6	2.7%

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**47.5%**

**Total** **73.3%**

**Float<sup>(1)</sup>** **21.7%**

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**Total Shares Outstanding** **225,023,057**

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# Public Comparables

*RI is significantly undervalued relative to its mining and royalty company peers*

Company	Ticker	Closing Price (C\$)	52 Week		Market Cap Cap (C\$000)	Long-Term Debt (C\$000)	Dividend Yield (%)
			High	Low			
<b><u>Mining Peers</u></b>							
Silver Bullet Mines Corp	SBMI	0.20	0.20	0.07	15,548	923	0.0%
Silver Dollar Resources	SLV	0.25	0.51	0.17	14,188	-	0.0%
Pantera Silver Corp.	PNTR	0.20	0.49	0.06	10,272	-	0.0%
<b>Group Average</b>					13,336		<b>0.0%</b>
<b><u>Royalty Company Peers</u></b>							
Empress Royalty Corp.	EMPR	0.39	0.48	0.31	44,551	5,169	0.0%
Orogen Royalties Inc.	OGN	1.52	1.76	0.78	306,503	-	0.0%
Silver Crown Royalties Inc.	SCRI	6.61	9.85	6.38	15,800	-	0.0%
<b>Group Average</b>					122,285		<b>0.0%</b>
<b><u>Royalty Companies - Large Cap</u></b>							
Franco - Nevada	FNV	204.76	209.55	145.30	39,414,826	422,000	1.0%
Wheaton Precious Metals	WPM	99.66	102.05	57.38	45,213,480	175,000	0.9%
Gold Royalty Corp	GROY	1.93	3.20	1.68	225,188	36,232	0.0%
<b>Group Average</b>					28,284,498		<b>0.6%</b>
<b>Royalties Inc.</b>		<b>0.04</b>	<b>0.05</b>	<b>0.02</b>	<b>9,018</b>	<b>-</b>	<b>0.0%</b>

# Investment Rationale

*A multifaceted investment rationale, supported by uncorrelated royalty income and commodity upside*

## 1. Unmatched Diversification: Stability & Potential Growth

- **Music Royalties:** 2% stake in MRI delivering a **7.2% dividend yield** and recurring revenue driven by 7,000+ songs
- **Mining Upside:** Exposure to silver-zinc royalties with **300% revaluation potential** upon silver price breakout
- **Recession-Proof Model:** Music royalties offer steady income, while mining royalties provide explosive upside

## 3. Undervalued with Insider Confidence

- **Deep Value Play:** Trading at **\$9M market cap** vs. peers at \$15M-\$43M, with a potential 2-5x upside
- **Insider Buying:** CEO owns 19% of shares, recent strategic financing secures future growth
- **Sector Tailwinds:** Precious metals super cycle and music streaming boom fuel long-term expansion

## 2. High-Impact Financial Catalysts

- **Accelerating Revenue Growth:** \$42K H1 2024 revenue (+29% YoY), projected to exceed \$100K in 2025
- **Cozamin Mine Royalty:** Potential **\$25M+ litigation windfall** or \$2.5M/year in recurring payments
- **Bilbao Project:** Monetization potential of US\$5-10M when silver surpasses \$40/oz

## Strategic Vision

Monetize Silver Property or Lawsuit for Cash

Acquire Cash Flowing Music Royalties Generating 15% Yields

Cash Flow Positive

Acquire more Music Royalties, Share Buybacks, Pay a Dividend

# Please Direct All Enquiries to the Following Person(s)

Investors should allocate at least 1% of their portfolio to Royalties for diversification and uncorrelated growth

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