

# Royalties Inc. Reports Q2 Results For June 30, 2024

Toronto, Ontario--(Newsfile Corp. - August 26, 2024) - **Royalties Inc. (CSE: RI)**, ("RI" or "the Company") reports its results for the second quarter ended June 30, 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 quarter ended June 30, 2024 which are available on the Company's website at [www.royaltiesinc.com](http://www.royaltiesinc.com) or under the Company's profile on SEDAR+ at [www.SEDARplus.ca](http://www.SEDARplus.ca).*

**Progress in Q2** - Royalties Inc. continues to advance 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 in order to generate further potential gains from the rise in the price of silver, which appears poised for a breakout in 2025, perhaps back to its previous 2011 high of US\$50 per ounce. The value of Bilbao is most directly tied to the 2014 PEA economic assumption of \$30 per ounce silver and the unexplored potential high grade silver areas including the north-south Victor vein which was drilled in 2021;

2) achieving success in the lawsuit against Capstone Gold S.A. de C.V., a subsidiary of Capstone Copper Corp. to properly recognize and pay the 2% NSR on the five Portree claims, which have been in production since 2020 and are part of the Cozamin mine. A judgment is expected to be rendered this Fall; and

3) acquiring sufficient cash flowing Music Royalties to cover corporate overhead and to pay dividends.

## **Music Royalties**

The Company's five cash flowing music royalties' investments generated \$18,857 in the second quarter, an increase of 21% over Q2 2023. RI received \$13,125 (CAD\$18,000) in dividend income, up 17% versus \$11,201 (CAD\$15,000) from Music Royalties Inc. ("MRI"), a private company which has acquired 28 catalogues and paid out over CAD\$9 million in 55 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 claims on the Cozamin Mine, on which a lien has been registered with the Public Mines Registry in Mexico City. Proof of production on one of the Parroquia (Portree) group of mining claims has been received from a refinery, Met Mex Peñoles, so the evidence period is expected to close in September, followed by a judgment from the court in due course.

2) a 1.5% NSR on the Bilbao property where the strategy to maximize its value is tied to the sale of the property to a silver producer which can potentially process material, especially during a period of high silver prices.

## **First Half 2024 Results of Operations**

The Company generated dividend and royalty income of \$42,257, up 29% vs \$32,769 in the prior year quarter. Total expenses were \$87,827, 14% lower than \$101,693 in the prior year, resulting in a 34% reduction in the operating loss of \$45,570 vs \$68,924 in 2023. The non-cash increase in the net loss of

\$64,613 vs \$45,867 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 June 30, 2024 were \$1,278,177 compared to \$1,313,330 at December 31, 2023, representing the Company's investment in two mining royalties and five music royalties less amortization. Since 2008, the Company has invested \$23,426,866 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 assumptions 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. August 2024 spot prices of: Zinc US\$1.27/lb, Lead US\$0.94 /lb and Silver US\$29.90/ounce need to be sustainably above the PEA price assumptions, to attract the attention of both potential acquirors and investors.

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 June 30, 2024, the Company had cash of \$31,409 to settle current liabilities of \$123,383. Accordingly, on August 21, 2024 the Company announced a proposed financing up to 6 million shares at \$0.035 for CAD\$210,000.

## About Royalties Inc.

Royalties Inc. has a 2% stake in [Music Royalties Inc.](#), 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](http://www.royaltiesinc.com).**

**Tim Gallagher**  
CEO & Director  
(416) 276-5440

**Connor Gallagher**  
Investor Relations  
(647) 921-2206

**Andrew Robertson**  
Director  
(416) 317-0137

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## Forward-Looking Statements

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"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 as disclosed in the documents filed on the Company's profile at SEDAR+ at [www.SEDARplus.ca](http://www.SEDARplus.ca). 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.



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