



Royalties Inc. Reports Q2 Results For June 30, 2025 and Update on Capstone Lawsuit

TORONTO, CANADA (August 28, 2025) – **Royalties Inc.** (CSE: “RI”, OTC: ‘ROYIF’ or “the Company”) reports its results for the second quarter ended June 30, 2025.

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 June 30, 2025 which are available on the Company’s website at www.royaltiesinc.com or under the Company’s profile on SEDAR+ at www.SEDARplus.ca.

In the second quarter of 2025, the Company generated revenue of \$24,042, consisting of \$18,000 in dividend income from its investment in Music Royalties Inc. (“MRI”) and \$6,042 in music royalty income. Operating expenses totaled \$68,625, leading to an operating loss of \$44,583 versus \$39,027 in the prior year. A non-cash foreign exchange gain of \$156,357 on a US\$2 million denominated contingent liability (of a Mexico subsidiary to a defunct company, which the Company is working on to legally cancel) resulted in a net income of \$111,774 for the quarter, compared with a net loss of \$46,642 in Q2 2024. For the six-month period, the Company generated net income of \$78,176 versus a loss of \$87,308 in the prior year.

As at June 30, 2025, total assets increased to \$1.8 million (December 31, 2024 – \$1.25 million), reflecting the Company’s increased investment in MRI of \$500,000, which now totals 3,000,000 shares valued at \$1.5 million. After quarter end, Royalties Inc. completed an additional equity swap, increasing its holdings in MRI to 4,000,000 shares valued at \$2 million, generating \$144,000 in dividends per year.

Capstone Lawsuit Update

Royalties Inc. achieved a major milestone on June 16, 2025 with a significant legal victory in Mexico, where its subsidiary Minera Portree de Zacatecas (“MPZ”) obtained a favourable court judgment confirming its entitlement to a 2% net smelter royalty on concessions at Capstone Copper’s Cozamin Mine, although Capstone appealed to the Supreme Court of Zacatecas, thereby delaying the resolution for several months.

Capstone initially reported that mining started within the Portree claim in the fourth quarter of 2019. In anticipation of the successful resolution of the dispute, MPZ’s assertion is that Capstone owes it a 2% NSR on the ore mined from the Portree portion over the last 6 years, which it estimates as 30% of the Mala Noche Footwall Zone (“MNFZ”) based on the assumption of the proportion of the surface linear strike of 1.5 km of the MNFZ, the area which represents almost all of the production at the Cozamin Mine since 2017, according to Capstone.

In 2024, Capstone paid US\$4.4 million in royalties on US\$234 million of net revenues for an average 1.9% NSR paid to two royalty holders. Royalties of US\$1.2 million were paid to Gold Royalty Corporation (“GROY”) in respect of a 1% NSR on 2 claims only 300 meters and down strike from the Portree block on the MNFZ. Royalties of US\$3.2 million were paid to Grupo Minera Bacis S.A. de C.V. (“Bacis”), the former owner of the Cozamin Mine, under the terms of a December 2003 agreement where a 3% NSR is paid on production from the property covered by the agreement. However, based on Capstone’s 43-101 and numerous public documents, MPZ estimates that the Bacis area has long since been substantially mined out and therefore Capstone has incorrectly paid Bacis, royalties due to MPZ.

MPZ estimates that the Portree portion of the MNFZ represents about 30% of the 1.5 km strike being mined, therefore estimates the 2% NSR on the Portree claim in dispute represents approximately US\$1.5 million per year on the production since 2019, based on Capstone’s Audited Financial Statements. This figure excludes the long term potential of the 2% NSR on both the depth potential and any resource mined on the entire area covered by the five Portree claims which include the historical high grade Parroquia copper mine in the southwest area of the

Cozamin Mine land holdings. The precise figures will only be determined with the actual co-operation of Capstone, which has not been forthcoming. MPZ hired a local geological expert who reviewed Capstone's public 2019-2020 drill results on the Portree claim and estimated the value of the 2% NSR at US\$25 million.

The Company continues to maintain its 100% interest in the Bilbao silver-zinc-lead project in Zacatecas, while exploring strategic opportunities to monetize the project in order to acquire cash-flowing royalties.

"This was a milestone quarter for Royalties Inc. with the legal victory against Capstone in Mexico and the increase in our balance sheet through a strategic investment, which will lead the Company to profitability. We remain focused on unlocking value for shareholders by growing our royalty portfolio and monetizing key mining assets," commented Tim Gallagher, Chairman and CEO.

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 lien) 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, 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 of or proper payment to MPZ, the longstanding and rightful owner, in 2017 and 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 MPZ's legal victory, Capstone appealed the decision to the Supreme Court of the State of Zacatecas.
- Royalties Inc. has a 3% stake in [Music Royalties Inc.](#) ("MRI"), which has acquired 30 cash-flowing catalogs and paid out over \$12 million in dividends since 2019 from 31 cash-flowing catalogs generating a 7.2% annual yield.

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